Accountancy

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Professional Notes

Self-Assessment of Tax

SINCE 1944 THE COMMONWEALTH OF AUSTRALIA HAS HAD A SYSTEM OF ASSESSMENT which requires taxpayers other than companies to make provisional payments of tax on income other than salaries and wages, which are taxed at source. For the year commencing July 1, 1952, a permanent plan of self-assessment of the provisional tax has been introduced.

The provisional charge is based on the previous year's income. If there is a fall in income, the taxpayer may furnish an estimate of his taxable income for the current year, and self-assess the amount of provisional tax payable. Where an increase of more than 20 per cent. occurs, the taxpayer must furnish an estimate and self-assess the provisional tax thereon. He is given until March 31 each year to furnish the estimate and to assess his provisional tax.

If there is an error in the estimate of more than 20 per cent. of the actual income, a penalty of 10 per cent. of tax short-paid is imposed. This also applies if no estimate is submitted and the actual income exceeds the previous year's income by the same margin. The Commissioner of Taxation can remit the penalty if the taxpayer can show that he could not have expected the increase.

The provisional tax is payable on the due date shown in the assessment or on March 31, whichever date is later.

The assessment shows the tax payable for the previous year on the actual income of that year, plus the provisional tax payable for the current year (calculated on the same income), less the provisional tax paid for the previous year; the balance is the amount presently payable. If the taxpayer estimates his current year's income at another amount, he will submit his estimate, and pay the amended amount of provisional tax on March 31.

The *Federated Taxpayers Research Bureau of Sydney* comments:

> It is feared that, in practice, taxpayers will encounter many difficulties and complications in making their own assessments in those cases where the income comprises, in part, salary or wage, income from a business and income from investments.

When it is pointed out that there are different graduated rates of tax for income derived from personal exertion and for income derived from property, ranging from 18·024d. to 162d. in the £, starting at £500, in the one case and from 7·755d. to 162d. in the £, starting at £350, in the other, with a progressive increase on every £ in each case, and that where income arises under both heads a special formula applies, readers will regard the quotation as not being an over-statement!

Hospital Costing

Early in 1949 the committee of *Regional Hospital Board Treasurers for England and Wales* set up a sub-committee under the chairmanship of Mr. F. S. Adams, A.S.A.A., the treasurer of the Birmingham Regional Hospital Board, to conduct research into hospital costing. In an interim report issued twelve months later, the sub-committee recommended the introduction of annual costing returns based on an extension of

the expenditure analysis used for accounting purposes. A summary of these returns for the year 1950-51 was recently published by the Ministry of Health.

The sub-committee has now produced, under the title *Hospital Cost Accounting*, a second report on the more detailed costing appropriate to large general hospitals with specialist departments serving both in-patients and out-patients. A specialist hospital is treated as a " hard core " of essential services common to all hospitals, supplemented by ancillary services and departments. Expenditure on the " hard core " is found by deducting from total costs the cost of each specialist department. The in-patient proportion of the cost of each specialist department is then added to the " hard core " to find the total in-patient costs, and the out-patient portion is added to general out-patient costs to give the total cost of treating out-patients.

That is the essence of the costing system. The report describes in detail the steps to be taken to compile the cost records, which are to be separate from the financial accounts; a sample set of cost accounts is included; the departments and services to be separately costed are listed; in addition, the destination of every item of expenditure is indicated, as well as the chargeability of every type of hospital employee. Nothing appears to have been left to chance.

A costing system would hardly be complete without a cost statement. The sub-committee's recommendations lead up to a cost statement showing total and unit costs for in-patients, out-patients, and services such as laundries, together with certain ancillary data. The statement is extensive, and the report admits that any published summary for the whole country would have to be confined to extracts.

The report is now being considered by Ministry of Health officials, who may well decide to defer action on it until the results of the research on the same subject undertaken by the *Nuffield Trust* and *King Edward's Hospital Fund* are available. (We understand that the latter body has completed its report.)

It will then be instructive to compare the findings of the several investigations.

Society President's Visit to Canada and U.S.A.

Mr. C. Percy Barrowcliff, President of the Society of Incorporated Accountants, returned at the end of last month from a visit to Canada and the United States of America, on which he was accompanied by Mrs. Barrowcliff. We have pleasure in reproducing on page 337 of this issue the speech which Mr. Barrowcliff gave at the fiftieth anniversary luncheon of the Canadian Institute of Chartered Accountants. In our next issue we hope to give a brief account of Mr. Barrowcliff's tour, during which he met and was entertained by many Canadian and American friends of the Society.

Stampless National Insurance

Payment of National Insurance contributions without the use of stamps is becoming more widespread. In 1951, according to the report for that year of the *Ministry of National Insurance*, the number of employers who settled by cheque the contributions for which they were liable, employees' and employer's, doubled from 103 to 206. Some 700,000 employees are covered by this method of payment, which is suitable only for " large employers with good accounting systems," who enter into special accounting arrangements with the Ministry.

The use of machines for stamping impressions on contribution cards is another method which obviates much of the work caused by the traditional method of sticking on National Insurance stamps and makes it unnecessary to keep valuable stocks of stamps. The machine method has also gained in popularity. During 1951 the number of employers using it increased from 1,232 to 1,837. They paid contributions amounting to £32 million and covering 1·75 million employees.

Silver Jubilee of *Taxation*

We extend our congratulations to our contemporary *Taxation*, which reaches its silver jubilee with the issue of October 4. For 25 years *Taxation* has given the accounting profession a comprehensive and authoritative service on " the law, practice, administration and incidence of taxation " (the description of the scope of the journal given on its well-known buff cover). During that time taxation in all these manifestations has grown ever more complex, and the journal, advancing yearly in its influence and standing, has been an indispensable guide through the intricacies of this subject, the most difficult confronting the accountant today. We wish all success to *Taxation* for the future.

Financial Control and Audit of Universities

The Treasury has never admitted that the Comptroller and Auditor-General should have the right to inspect the books and accounts of all grant-aided bodies receiving the greater part of their income from public funds. It considers that his audit should not extend to certain old-established institutions, like the universities, which have been receiving grants-in-aid for many years, though it should extend to new bodies and recently established ones receiving such grants. The existing audits of university accounts, the Treasury argues, already achieve the first object of an audit of a public body, that the grants are duly appropriated to meet the expenditure towards which they are made. The second object, it continues, to enforce proper economy, is attained by the broad control exercised by the Treasury itself and by the more detailed supervision of the University Grants Committee.

The most recent statement of the Treasury case is in a reply to the Select Committee on Estimates, in the eleventh report of the Committee for the session 1951-52 (Her Majesty's Stationery Office, price 9d. net).

The principle, long upheld against recurring attacks, that in the interests of academic independence the universities should be free of the normal Government audit of the Comptroller and Auditor-General and the examination of the Public Accounts Committee based upon his audit, is indeed one that should not be lightly set aside. But the universities are obtaining a larger and larger amount of public

funds and the part of their finances derived from other sources is steadily diminishing, so that it is inevitable that in some way there should be closer financial control over them. It would seem that the most reasonable solution of this dilemma is that the powers of the University Grants Committee should be enlarged, in particular by the development of its own audit staff. This would constitute a compromise between close State supervision and unmitigated independence.

Appointment and Remuneration of Auditors

The *Incorporated Accountants' Research Committee* has published another booklet in its "Practice Notes" series. The new publication, which has the title *The Appointment and Remuneration of Auditors under the Companies Act, 1948*, contains 20 pages and is in three parts: The Qualifications required for Appointment; The Appointment, Re-Appointment and Change of Auditors; and The Remuneration of Auditors.

The booklet is obtainable from the Secretary of the Society of Incorporated Accountants, at 2s. net.

Companies in 1951

The Board of Trade's annual report on companies for 1951 records a continuation of the decline in registrations of new companies. From a peak of 25,217 in 1946 the figure dropped to 13,906 in 1950 and 13,524 in 1951. But the total nominal capital of new companies was £96·2 million, an increase of about 30 per cent. on the 1950 total of £74·5 million.

There was a net addition of 8,327 to the number of companies on the register, which at the end of the year was 270,017. Public companies with a share capital were 11,778, with total paid-up capital of £3,894 million: their number has been gradually falling for several years, while private companies have been increasing. Private companies with a share capital now number 244,166, with £2,267 million paid up.

Of the total of 244,235 private companies on the register, 60·9 per cent. are exempt private companies.

Only 5,197 companies were dissolved or struck off the registers in 1951, compared with 10,479 in 1950 and 9,187 in 1939. Winding-up proceedings were begun in 2,954 cases, including 2,543 voluntary and 411 compulsory liquidations.

The Board of Trade has continued to receive advice on matters arising under the Companies Act from the General Consultative Committee and the Accountancy Advisory Committee.

There has been no change in the list of professional accountancy bodies recognised under Section 161 (1) (*a*) of the Act. Under Section 161 (1) (*b*) the Board has authorised for appointment as auditors forty-three individuals, bringing the total so authorised since July 1, 1948, to 446.

Except for these persons, only members of the five recognised bodies are qualified for appointment as auditor of a company other than an exempt private company.

Eighteen applications for appointment of an inspector under Section 165 were carried over from 1950, and sixty-seven new applications were received during 1951. Inspectors were appointed in two cases. Sixty-seven applications were not proceeded with or were withdrawn after discussion with the parties, and sixteen were outstanding at the end of the year. Of the eight inspections ordered before January 1, 1951, one is still continuing and in seven cases reports have been received.

The Director of Public Prosecutions referred to the Board four matters arising from voluntary liquidations, in addition to two outstanding. On five cases no further action was taken; the sixth was still under consideration by the Board at the end of 1951.

Loans for Fuel Efficiency

The Ridley Committee, in its recent report on the national fuel policy (Command 8647), approved the proposal that for tax purposes the whole of any expenditure by firms on fuel efficiency should be chargeable to revenue in the year in which it was incurred. This would amount to an interest-free loan from the Government. But the committee understood that "administrative difficulties and expenses" might make the proposal impracticable. It therefore recommended the alternative of direct loans by the Government at below commercial rates for periods of not less than ten years, over which depreciation should be spread for tax purposes. The limit of £1 million on the total of loans offered by the Government under its present scheme would be removed and the deterrent that these loans are at full commercial rates would be destroyed.

Shorter Notes

Scottish Statistics

The Committee on Scottish Financial and Trade Statistics reports that a return could be made of Government revenue and expenditure relating to Scotland, as distinct from the rest of the United Kingdom. The return, though approximate, "would be of value in comparing the respective fiscal provisions of Scotland and England." It would not be practicable to compile a return of Scotland's share in United Kingdom external trade or of the Scottish balance of payments.

Intestates' Estates

In our issue of September, 1951 (page 326), we welcomed the report of the Committee on the Law of Intestate Succession. A new bill, the Intestates' Estates Bill, incorporates reforms recommended by the committee and generally improves the lot of the surviving spouse of a person dying intestate.

Far Eastern Compensation Schemes

The last date for making a claim for compensation for wartime loss of private chattels in the Far East is October 31, 1952. There were some 6,400 claims up to the middle of this year and about £1·86 million had been passed for payment.

General MacArthur's Business Appointment

General MacArthur has become chairman of the Board of Directors of *Remington Rand, Inc.* Mr. James H. Rand, who has been serving as chairman, will continue to be President of the Corporation, which employs 36,000 people.

ACCOUNTANCY

FORMERLY THE INCORPORATED ACCOUNTANTS' JOURNAL ESTABLISHED 1889

The Annual Subscription to ACCOUNTANCY *is £1 1s., which includes postage to all parts of the world. The price of a single copy is 2s., postage extra. All communications to be addressed to the Editor, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2.*

Depreciation and the National Income

"LET ME BUT READ THE CHAPTER ON depreciation," a wise teacher of accounting once said, "and I will tell you the value of any text-book on accountancy." It is perhaps gratuitous to imagine what his remarks would be after reading the sections on depreciation in *National Income and Expenditure, 1946-51* (Her Majesty's Stationery Office, 6s. net), but they would hardly be flattering to the Central Statistical Office, whose publication this is.

The gross profit of trading enterprises, which forms one of the component parts of the gross national income, should be reduced by the depreciation of the fixed assets of those enterprises to give their net profit. Similarly, the same amount must be deducted from the gross national income to give the net national income. As the Central Statistical Office puts it in the introduction to the tables in its booklet (despite our criticism of some of the methods used, this introduction, incidentally, is a useful summary for students of the economics of the national income):

> The income generated in the production of any commodity must be reckoned after setting aside a provision for the replacement of fixed capital used up during the period.

In arriving at the amount of depreciation, the Central Statistical Office takes the depreciation allowances granted by the Inland Revenue in tax assessments. It then hastens to show how these allowances are likely to aggregate to a figure that will be very wide of the true total of depreciation:

> They make no allowance for the wearing out of a number of classes of fixed capital assets. The classes omitted include: buildings other than industrial buildings (for example, shops and offices) owned by companies and non-corporate enterprises (no depreciation allowance being granted by the Inland Revenue in respect of such assets); the Central Government's fixed capital assets with the exception of the fixed assets used by the Post Office and other trading services. . . .

Further, the provisions are based on original costs, not current replacement costs, so that the net national income arrived at after deducting them is not, as it should be, the amount "available to the nation for consumption or adding to wealth after maintaining capital intact," where capital is understood as real capital. Again:

> there is no necessary correspondence between the rates of depreciation allowed to business enterprises and the physical rate of wastage of their fixed capital assets . . . the rates of depreciation allowed have varied from time to time. . . The depreciation allowance . . . for taxation purposes consists, in respect of any fixed capital asset, of a series of annual allowances covering the whole of the estimated life of the asset together with an initial allowance granted in the first year only . . . Changes made from time to time in the rate of initial allowance have given rise to considerable changes from year to year in the depreciation figures. . . .

Finally, the depreciation entered in business accounts frequently differs from that allowed for tax purposes.

In the face of these important sources of discrepancy, the Central Statistical Office, though it inserts the total for depreciation in the tables, by refraining from deducting the depreciation from the gross figures retreats from the goal of translating gross into net. This curious compromise, which suggests that the staff of the Central Statistical Office is made up more of officials than of statisticians, is explained away on the grounds that "though the gross national product does not measure the true national income, it is a reasonably reliable indicator of its movements." It surely would have been more praiseworthy to have attempted an estimate of the true depreciation total, by departing from the Inland Revenue figures at the several points where, as the Central Statistical Office itself so clearly shows, these figures are inaccurate. Could not the depreciation of non-industrial buildings owned by businesses have been sufficiently closely estimated by independent means? Is it not possible to convert the figures based upon original costs into what they would be on the basis of replacement costs, as the Economic Commission for Europe has, in fact, done in its own reports? Why should not the initial allowances be left out of the total depreciation provisions and the annual allowances adjusted for their omission? Would it not be reasonable to take a sample to show the percentage difference between the depreciation allowances in tax assessments and those in business accounts? (The results of a sample analysis of this kind would be most informative in their own right.)

In a broader context than the compilation of these important statistics, not only the Central Statistical Office stands to be criticised. That the depreciation allowances granted by the Inland Revenue are related to original costs and not to replacement costs is largely the result of the conventions which the accountancy profession has itself erected in the past, and which, unhappily, a significant portion of it is still unwilling to adapt to the changed conditions of the present. It is, perhaps, unfair to blame the profession for the illogical refusal of the Inland Revenue to grant depreciation on non-industrial buildings owned by businesses, but certainly accountants might have been more vocal over this anomaly. Similarly, a more determined effort might have been made by the profession to have accounts for tax purposes approximate more closely to ordinary commercial accounts. But while the task of estimating the total of depreciation is made more difficult for these various reasons, that is no excuse for failing to make the attempt.

Then and Now

By ERNEST EVAN SPICER, F.C.A.

The old order changeth,
Yielding place to new.

As a general proposition, it may be said that a man who has passed the allotted span of life is nowadays regarded as a back number and no longer fitted to hold important positions, such as directorships, or to sit on the magisterial bench. He has reached a milestone and can no longer be expected to "pull his weight" in an age of ever-increasing change and speed. The grave is beckoning to him, and so he is politely, though firmly, "put on the shelf" and forgotten.

Then Old Age and Experience, hand in hand,
Lead him to death, and make him understand,
After a search so painful and so long,
That all his life he has been in the wrong.

Doubtless this is as it should be, because the future prosperity of the country—if it be destined to enjoy future prosperity—must necessarily depend on the efforts of the younger generation.

It is conceivable, however, that the older generation may yet play a small part in helping to solve some of the immensely difficult problems with which, today, the whole world is faced, provided they remain unostentatiously in the background and allow such crumbs of wisdom, as experience enables them from time to time to offer, to be gathered by their betters.

Nobody feels this more strongly than Mr. Greatheart. He continues in practice as a professional accountant and he gives the same undivided attention to the interests of his clients as formerly, but he does so more and more through the intermediary of his younger partners. He seeks no personal recognition and shuns the limelight, but his interest in the profession, and in the general welfare of the country, remains unabated. Every month a few chosen friends meet at his house to discuss topics of interest covering a wide field; and as we enjoy the privilege of being a member of this select coterie it may prove of interest to our readers if we give them some particulars of our meeting last Thursday evening.

The discussion veered by easy and natural stages from the retrograde motion of the outer satellites of Jupiter and Saturn to Alfred Loisy's *Origins of the New Testament*, and thence to a consideration of the great changes which have taken place during the present century, possibly exceeding in the aggregate those of all past centuries combined, and finally to an appraisement of the present position and future prospects of the accountancy profession.

No profession has ever been called upon to adapt itself so swiftly and so extensively to changing conditions and no profession has ever earned universal recognition so rapidly and so deservedly. As most of those present in Mr. Greatheart's library were professional accountants, it is not altogether surprising that there should have been considerable discussion as to the causes which have led to this remarkable expansion of the profession and lively speculation as to its future.

That there should have been some divergence of opinion was to be expected, but on one matter there was complete unanimity. The rise in importance of the accountancy profession has synchronised with the gradual decline of Great Britain as a first-class power, relatively to other nations of the world. This decline has been rapid in recent years and is likely to continue. Is this a pure coincidence or is it cause and effect, and, if so, what does it portend?

Let us consider what Mr. Greatheart and his friends had to say on this interesting question.

The Relative Decline of Great Britain as a World Power

At the close of the nineteenth century Great Britain was admittedly the leading nation of the world.

This was due in no small measure to the geographical accident of being an island, a fact which had for centuries afforded her security and forced her inhabitants to become a seafaring race of traders. Napoleon labelled her a "Nation of Shopkeepers," and it is to be assumed that he did not appreciate the compliment underlying the sarcasm, or the fact that he himself was contributing so unconsciously to her ever-increasing importance as a world power.

The comparative impotence of the other nations to assert themselves and to challenge this commercial supremacy—which arose from a combination of circumstances—enabled us to build up markets in all parts of the world and to trade profitably, not only in goods of our own manufacture but in those of foreign origin.

Following in the wake of the Napoleonic era, other wars, in which we were either in no way concerned or only indirectly interested, further contributed to our advancement by impeding the recovery of others, and it was not until these other nations settled down to an era of peace and were able to develop their natural resources, and to utilise their man-power for purposes of trade rather than

of war, that any serious challenge to our unique position as the leading world power was experienced.

Great prosperity, combined with a lack of serious competition, is normally very dangerous both to individuals and to nations, and often leads to decadence and decline, and it may therefore be opportune to remind those of the rising generation who regard their nineteenth-century forefathers as antediluvian that these great men—despite their austerity and apparent hypocrisy—appreciated, by some strange instinct, the great responsibilities of wealth and for the most part regarded themselves as the trustees of posterity. They did not squander their riches, but, on the contrary, " ploughed back their savings "—to use a modern expression—and thus consolidated the great commercial undertakings which they had established.

Now, when a business is flourishing and all is running smoothly, the wise man does not interfere, but leaves well alone. It is only when things begin to go a little wrong or when competition becomes fierce and profits decline that he concerns himself seriously with the management and possibly calls in outside help. Thus it happened that not until the dawn of the present century was the assistance of the professional accountant regarded generally as vital and the auditor looked upon otherwise than as a mere " blue-ticker," rendered, in the case of companies, a necessary statutory evil.

In the year 1900 partnerships still flourished and only very few of them employed professional accountants. Their stability was in no way menaced by crushing death duties, and even at the time of the South African war income tax—though regarded by all as dangerously burdensome—was but 1s. 2d. in the £, unaccompanied by any form of super tax. The wealth of the partners of these great firms was assumed, but was never disclosed, and even the Surveyor of Taxes never dreamed of demanding from them a copy of the profit and loss account and balance sheet.

Let us take a brief glimpse into the past in order to appreciate how different was the outlook of business men in those days compared to that of business men today.

ILLUSTRATION

Mr. Mortimer Whiting died on his ninety-fourth birthday in November 1890. He had succeeded his father as senior partner of the great house of Whiting, Sons & Co. at an early age, and throughout his long tenure of office ruled as an absolute autocrat.

In those days there were no telephones or typewriters or lady secretaries or other distractions to interfere with the leisurely tranquillity of business, and only " steam " enabled man to travel faster than in the days of Julius Cæsar.

The private ledger and the private cash book of the firm, which were bound in green morocco leather and secured with Bramah locks, were written up by Mr. Whiting himself, and even his son, Mr. Ambrose Whiting, was denied access to these books until he had reached the age of 50.

The balance sheet of the firm was also a closely guarded secret, and each of the partners appended his signature thereto, under the eagle eye of Mr. Whiting, without in any way examining the document which he was signing.

As to the bank pass-book, this was treated with the reverence of Holy Writ.

Every Monday morning Mr. Whiting, top-hatted and frock-coated, drove to the bank in his carriage, where he was received by the manager at the front entrance and escorted by that gentleman to the bank parlour. On the polished mahogany table were set forth a silver canister containing cracknel biscuits and cut glass decanters labelled " Sherry " and " Madeira Wine " respectively. Pending the writing up of the pass-book, Mr. Whiting gravely discussed with the manager, over a glass of Madeira, the price of wheat per bushel and the effect on the stock and share markets of Mr. Gladstone's latest pronouncements. As Mr. Whiting left the bank the cashier handed to him a small linen bag containing nine golden sovereigns and twenty shillings in silver, all the coins having been specially washed and polished to prevent them from soiling the great man's pockets and to guard his person from contamination.

On the Monday morning following the death of Mr. Mortimer Whiting, Mr. Ambrose Whiting, bursting with importance, drove to the bank for the first time, with the pass-book firmly clasped in his left hand.

The manager, however, was not waiting on the doorstep to receive him, and although he was ushered into the parlour by a very polite porter there was neither sherry nor Madeira wine on the polished mahogany table, nor was there even a cracknel biscuit. This churlish reception so shocked Mr. Ambrose Whiting that when he returned to his office he rang for his cashier and, to the astonishment of that gentleman, relinquished for ever the custody of the pass-book and the weekly visit to the bank.

This was the beginning of the new era of change and speed, of electricity and high taxation, which was to spell the doom of the old family business and cause a complete revolution in all preconceived ideas of business methods. It was the beginning of an era which was to herald the full blast of foreign competition, disturbances in Ireland, strikes, world war and grave peril to the State, and it was also the era which was to raise the accountancy profession from comparative obscurity to world-wide recognition.

* * *

THE RISE OF THE ACCOUNTANCY PROFESSION

During the nineteenth century Britain had accumulated great wealth not only at home but overseas; her population had increased enormously and her hegemony among the nations of the world was unquestioned.

This was a truly wonderful achievement of which every Britisher should feel justly proud, but nevertheless it must not be overlooked that it had been rendered possible as a result of Britain's geographical position in relation to the other nations of Europe. Safeguarded from hostile invasion by the seas which protected her frontiers, she built up her great prosperity, for the most part, at a time when other European countries—tormented by war and threats of war—were to a large extent " marking time."

As the century drew to a close it was realised that a great change was taking place and that the geographical accident which heretofore had, in large measure,

contributed to Britain's strength was now likely to prove a growing source of weakness.

How could a comparatively small island, with few natural resources apart from coal, retain her supremacy, when other larger nations—freed from artificial restraint and unrestricted by nature—equipped themselves to challenge that supremacy ?

It is true that Britain had been given a long lead in the economic race and had established a goodwill (which still remains her greatest asset), but nevertheless she was forced to turn to her overseas empire, and indeed elsewhere, for the development she herself could no longer maintain.

This development first took the form of the production of primary products and raw materials; as examples there may be quoted rubber in Malaya, wheat in Canada, tea and cotton in India, beef in the Argentine and oil in Persia. But as these primary products were developed, the countries concerned wished to share in the wealth of industry, and there grew a tendency for such countries to consume more of their own products themselves, to develop their own industries and, with the growth of nationalistic ideas, to become increasingly unwilling to be subservient to, and dependent on, Britain. Thus the overseas development, which started with the object of supplying the home country with raw materials and to provide markets for her ever-growing industries, began to grow into a state of competition with those very industries which it was originally intended to support.

Largely as a result of such competition, her greatly increased population, which had followed automatically the expansion of her industries, could no longer be fully employed, and emigration became the alternative to semi-starvation; and though the country is at present basking in the sun of full employment some people, at least, wonder whether those conditions which were so evident in the period between the wars will not recur when our ex-enemies return to the world markets as our competitors, and prove even more severe in view of the considerable industrial development which took place in overseas countries during the war.

It has been said with truth that the population of every country "serapes along the food line." It is equally true to say that where the population of a country exceeds that which it can sustain unaided by imports from outside, the excess, which depends for its very existence on the export trade, must represent an "artificial population."

Britain has a very large "artificial population" and therefore it is vital for her to maintain her export trade and to build up afresh her invisible exports. If she fails to do this, her population must inevitably decline in the near future to an even greater extent than is now confidently anticipated.

During the past 50 years the population of the United States has almost doubled itself, and as she develops her vast resources it will continue to increase. The same can be said of Russia and other great nations of the world; but the population of this country, apart from other considerations, is restricted by territorial limitations, which do not apply with the same force to the larger nations. The competition of Germany and Japan became increasingly pronounced during the closing years of the last century, and as both these countries evinced warlike propensities the struggle to maintain our economic position, while still retaining our position as the leading naval and maritime power, proved a very severe burden to our people.

All this helped to bring the accountancy profession into greater prominence. The business man realised that if he failed to adapt himself to the changing conditions he would, of a certainty, "go to the wall." He knew he could not so adapt himself without expert help, and his intelligence told him that the professional accountant alone could afford him the assistance he needed.

It was not, however, until war burst upon Europe in the year 1914, and threw everything into confusion, that the supreme importance of the accountancy profession was universally acknowledged. The magnitude of the struggle, the rapid dissipation of the accumulated wealth of past centuries, the dire peril of the country and of the Empire, forced the Government to adopt restrictive measures of a very drastic character and to increase the burden of taxation to an extent never previously experienced by any nation in the world. All this greatly expanded the scope of the professional accountant's activities and added to his responsibilities.

Britain emerged from the holocaust triumphant, but hopelessly insolvent. For the first time in her history she had become a debtor nation, and it was obvious to all who could think at all clearly that she would never be able to repay her vast indebtedness to the United States. She made a valiant effort to meet the interest on the debt, but in the end she was forced to default—possibly to the great relief of our gallant and generous ally.

For some little while the people of this country consoled themselves with two comforting but entirely fallacious reflections, as follows:

(1) That Germany could and would be forced to pay.

(2) That Germany, as a result of her defeat, was down and out and (following the well-established fact that fallen empires can never rise) would never again disturb the peace either of this country or of Europe.

* * *

As regards the first of these reflections, it took the victorious nations some considerable time to realise that if Germany had been able to pay the vast indemnity contemplated, and had actually done so, it would effectively have ruined the industries of their respective countries.

In this connection it is interesting to reflect that early in the year 1919 Mr. Greatheart delivered a lecture on the text that a nation paying an indemnity must ultimately be the gainer, while the nation receiving the indemnity must inevitably be the loser.

In other words he explained the paradox that "It is more *profitable* to give than to receive."

As regards the second of these reflections, Hitler's war has proved that a fallen empire can rise again with remarkable rapidity and even challenge the other nations of the world, with a sporting chance of success.

This second world war has also demonstrated that other nations besides Germany can do this. Russia, hopelessly defeated by Germany in the first world war, prostrate in 1919, and strained almost to the breaking point in the second, stands today a potential threat to world peace. China likewise, under the impetus of the same ideological incentive that animates Russia, has transformed herself—almost in the twinkling of an eyelid—from a decayed empire into a powerful nation and threatens the peace of Asia, even as Russia threatens the peace of Europe, and thus of the world.

Britain—thanks to the United States—emerged from the second world war without any label of insolvency hanging round her neck, but nevertheless perilously impoverished. Her national debt has risen to proportions which are quite meaningless to most people. So much so is this the case that if a political speaker stated that it approximated four hundred thousand million pounds, intending to say forty thousand millions, it is quite conceivable that nobody in his audience would notice the trifling error.

Nobody can think clearly in terms of thousands of millions, but an example from astronomy may help to convince even the most ardent supporter of Government trading and spending that it is pretty considerable.

ILLUSTRATION

Pluto, the outermost planet of the solar system, travelling at a rate of 3 miles every second, takes 248 years to complete one single journey round the sun. The length of this journey approximates twenty-two thousand million miles.

The National Debt of Britain is thus not far short of £2 for every mile of Pluto's orbit round the sun.

As an American might remark: " Some debt ! "

* * *

THE GREAT CHANGES OF THE PRESENT CENTURY

We have referred in very general terms to the great changes which have revolutionised the life of this country since that memorable Monday morning when Mr. Ambrose Whiting took his momentous decision in the matter of the bank pass-book.

Time passes so rapidly, and the world nowadays adapts itself so readily to altered conditions, that one is apt to forget that the luxuries of one decade automatically become the necessities of the next. Let us therefore recall very briefly some of the more striking of these changes so that we may appreciate how much has been accomplished in science, in physical development, in the mastery of the elements and in every department of human effort, during the past sixty-odd years.

It is true that Sherlock Holmes made free use of the telephone in the year 1887, but he was a very exceptional individual. To the average business man this wonderful invention was largely unknown, or at any rate was ignored as a practical proposition, as also was the typewriter and the utilisation of electric energy for purposes of illumination.

When Mr. Mortimer Whiting died in the year 1890 there were no motor-cars or electric trams or gramophones or cinemas or wireless telegraphy, to say nothing of the miracles of radio and television. All of these, if not actually invented, were developed during the present century, as was the adaptation of electricity to rail transport, refrigerators, flat irons, sewing machines and a thousand other uses. Even the electric bell provided the contemporaries of Mr. Whiting with a mild form of entertainment.

Very few houses could boast of a bath, and even in the mansions of the well-to-do there was no central heating, nor was there running water or the comforting gas fire in the spare bedroom. In the cottages of the working classes there was no indoor sanitation, and this was also the case as regards many of the larger houses. There were but few labour-saving devices and mass production had not cast its swaddling clothes.

Medical science advanced almost beyond recognition and has resulted in a notable increase in the average expectation of life.

Perhaps, however, the most surprising and, to many people, alarming development of recent times, has been the emancipation and enfranchisement of women. Prior to the death of Queen Victoria it was universally recognised that man's first duty was to protect his helpless womenfolk, who, though termed " better halves," were nevertheless regarded as the weaker sex. " Save the women and the children first " was no idle slogan and there was no hypocrisy in the cry. In fact so rigorously was this unwritten law obeyed, more particularly in shipping disasters, that a certain trader, who shall be nameless, invariably carried with him a complete outfit of female clothing whenever he ventured to cross the ocean in the course of his business, and on one occasion astonished his friends, who had assembled at the quay-side to meet him, by appearing on the gangway dressed in female attire, with a bonnet tied to his head, trimmed with an immense ostrich feather.

Today, women are inclined to resent those remnants of chivalry, which, but yesterday, were regarded by them as their special prerogative; and, instead, to covet legal rights.

They have taken their seats in Parliament and upon the magisterial bench, where they administer justice, not always with the velvet glove. They have invaded and adorned the professions and thus we have—inter alia—lady professional accountants, lady barristers and solicitors, lady doctors and lady architects. Women have, for all practical purposes, ousted the male private secretary and shorthand typist, and their influence in trade and commerce is steadily rising. In the two world wars they reversed all preconceived ideas as to what women could do in a national emergency by taking a very active and important part in the defeat of the common enemy, and in so doing, many, to their undying glory, made the supreme sacrifice.

The early pioneers in the cause of " Women's Rights " certainly laboured under a very severe handicap, and had to meet opposition from both sexes. To the average man of those days, the idea of young girls burning the midnight oil to enable them to qualify for a degree at a university, or studying for one of the professions, or in fact

fitting themselves for any position which would enable them to earn a livelihood, was mildly distasteful, whilst to the majority of their own sex, it was definitely unbecoming.

The men feared that votaries at the altar of the " blue stocking " would necessarily lose much of their feminine charm and would thus become less worshipful, and those of their own sex who opposed the forward movement did so because they realised that in striving to gain legal rights, they would assuredly lose many of their more valuable privileges, and thus their power.

It is certainly true that many of the leaders of the crusade proved themselves to be powerful propagandists of celibacy, and it is equally true that today—in spite of the franchise—they have lost much of their power, to say nothing of their privileges. This must, however, be attributed, in the main, to the exigencies of the first world war, which swept aside all former ideas of a weaker sex and forced upon women a freedom never previously experienced or endured.

What is Mr. Greatheart's reaction to this astounding upheaval of the present century ? Does he support the claim of equal rights for men and women in everything ? Let us examine his record.

Eight-and-forty years ago he first pressed for the admission of women into the accountancy profession. Were his motives completely altruistic ? Let us be honest even though it leads to embarrassment. He did so, not as a champion of women's rights, but because he knew instinctively that never in the future would women be excluded from a profession and because he regarded the immediate closing of the accountancy profession as the one object of supreme importance, which every practising accountant worthy of his calling should support.

He concluded his powerful address on that occasion by quoting some lines from a popular song of the day, calling upon men to " let the darlings in, boys, let them in," and by urging those accountants who feared the competition of women to withdraw gracefully from the profession and to seek consolation on the harmonium.

All this is now past history. The women have won their battle by courage and determination, while the men have missed the opportunity of closing the profession through lack of intelligence, foresight and " guts." Today, Mr. Greatheart has on his staff a number of qualified women accountants, both Chartered and Incorporated, and he finds them not only highly competent and reliable, but also hard-working and by no means lacking in feminine charm. He adds, moreover, that they no more scorn those artificial aids to glamour, so freely provided by the modern " beauty parlour "—which Darwin regarded as evidence of secondary sexual selection—than do their less learned sisters.

[*To be concluded*]

Iron and Steel Accounting

[CONTRIBUTED]

THE FIRST ACCOUNTS OF THE *Iron and Steel Corporation* were published belatedly. But it was necessary for the companies to follow common accounting policies in drawing up their own accounts, and to arrange for the submission of supplementary information necessary to carry out the consolidation. As a first step to drafting instructions to the companies on these matters, a questionnaire was sent by the Corporation to a selected cross-section of them, asking about their existing accounting policies and practices. After consideration of the answers to the questionnaire, draft instructions were drawn up on the accounting principles to be followed. The Corporation's auditors drafted and completed both the questionnaire and the final set of instructions, with specimen accounts and schedules.

The second edition of these instructions was published in July, under the title *Annual Accounts—Manual of Accounting Policies and Practices to be followed by Subsidiary Companies.* The manual consists of 81 paragraphs and 34 schedules : the schedules consist of forms that have to be filled in by the unlucky Secretary or Chief Accountant.

The manual is of value as a guide to the compilation of group accounts and to accounting thought, and will be an eye-opener to anyone who has never thought about the effort entailed. It is interesting to note that the tabular profit and loss account but not the tabular balance-sheet is adopted as standard. The *pro forma* of the profit and loss account could serve many companies outside the iron and steel industry, but there is the defect that the net income after tax is struck after making adjustments in respect of provisions no longer required and exceptional or non-recurring items, which have to be specified, and after deducting outside interests. The " balance of income applicable to the parent company " also includes these exceptional items. Income retained by the parent company is shown after deducting dividends, and the unappropriated surplus is struck after making the general reserve transfer (see paragraph 51,

quoted below) and then the balance brought forward is added on. The usual practice has to be followed of showing dividends at their net amount.

Shareholders of public companies would relish the information that the Corporation expects from the companies under its control. Provisional accounts have to be submitted within two months of the year-end, with a brief report by the chairman or managing director covering the results for the year, "in particular giving reasons for any rise or fall in profits. This report should emphasise the main points of the year as they have affected the results disclosed . . . and any other points which the directors consider should come to the notice of the Corporation." Then there has to be a report by the Secretary or Chief Accountant of the company on the main movement in the figures as compared with the preceding year, and a trading account for the whole undertaking or principal companies and departments, linked up, where possible, to the manufacturing and trading profit shown in the profit and loss account.

The current year ended on September 27, the provisional accounts have to be submitted by November 30, and the final accounts by January 15. The last date for the signing of the accounts is January 31, when four copies have to be sent to the Corporation, and the annual meetings should be held not later than March 15. This is a reasonable enough schedule.

Interesting instructions are as follows :

Paragraph 10. Depreciation should be calculated on the original cost or other gross book value and applied on a straight line basis. Depreciation of assets purchased after February 14, 1951, should be based on the original cost and spread over the anticipated useful life of the asset. Where depreciation of assets purchased prior to February 15, 1951, has not been on a straight line basis, the book value as at that date or at the date of the nearest financial year-end should be written off on a straight line basis over the anticipated future useful life. Standard depreciation rates are not laid down, but in Appendix A an indication is given of the range within which normal straight line depreciation rates on new assets are expected to fall. In all cases, the minimum will be that indicated in Appendix A ; no objection, however, will be taken to a rate higher than that suggested, but the object must be to write off the historical cost and not to provide a greater sum in order to meet the increased current cost of replacements. Additional depreciation based on the difference between historical cost and current cost of replacements will be provided by the Corporation on information to be obtained from the companies. It is emphasised that where assets have previously been depreciated on a basis other than straight line or at rates lower than those now permitted, the rate used in the future should have regard to the estimated remaining useful life of the particular asset. The remaining useful life together with the period for which the plant has already been in use should not generally be longer than the maximum life envisaged by the minimum depreciation rate on new assets. Additional provision should be made for long working or other special cases in circumstances where these arise. In cases of doubt where substantial sums are involved, the Corporation should be consulted.

Paragraph 43. Subsidiary companies should consult the Corporation before taking credit for a material amount of profit on long term contracts at a stage when it is not possible to ascertain the amount of such profit beyond reasonable doubt ; this stage would normally be very close to the completion of the contract. Deliveries under long term sales contracts should be invoiced at the contract price. In cases where the price is subject to review after completion of the contract a provision should be made to cover the possibility of the invoice prices being adjusted. Progress payments should be deducted from stock values for balance-sheet purposes. Anticipated losses should be fully covered in all cases.

Paragraph 44. Provision for bad and doubtful debts should be related to specific debts but no exception will be taken to a general provision of a reasonable amount. This should not exceed 1 per cent. of the trade debtors (excluding amounts due from other companies in the Corporation group).

Paragraph 45. Marketable securities should be valued at cost less amounts written off. Where the aggregate market value is less than the aggregate net book value at the date of the balance sheet, a provision should be made for the difference, except that no provision need be made for a purely temporary fall in the market at the balance sheet date.

Paragraph 47. Where a general provision for bad and doubtful debts is carried the full amount of the provision should be indicated on the face of the balance sheet.

Paragraph 51. No allocation to reserves, except to a general reserve, should be made out of revenue profits without the prior approval of the Corporation.

Paragraph 60. It is recommended that companies should set aside for the purpose of equalising the charge for taxation an amount calculated at 10s. in the £ (deemed to be equivalent to taxation at current rates) on the excess of the net book value of assets subject to allowances for income tax purposes over the estimated taxation allowances on those assets to be received in the future. The future taxation allowances on plant and machinery would normally be the written down value for income tax purposes at the end of the succeeding fiscal year. If an adequate split of the net book value of assets is not available no objection will be taken to a straight comparison between the total net book value of all appropriate fixed assets against the estimated total of future allowances for income tax purposes. Companies adopting this policy should carry the estimated adjustment for the first year to profit and loss account ; the balance of the adjustment should be set against the unappropriated profits and reserves existing at the end of the previous period. It is recognised that this recommendation may, in certain circumstances, be impracticable for the time being, e.g., a company which has purchased assets at a value based on current replacement costs but is only entitled to claim allowances for taxation purposes on the written down value of such assets at the date of sale. In these cases the Corporation should be informed of the facts.

Paragraph 66. Where reserves and undistributed profits include undistributed profits of overseas subsidiary companies which would, if declared as dividends, attract further local and United Kingdom taxation, a note should be given of the amount of undistributed profits so included. Should it be practicable, it would be helpful if an estimate could be given of the contingent liabilities to local and United Kingdom taxation.

The first accounts of the *Iron and Steel Corporation* were well presented, and the instructions to the constituent companies are both reasonable and sensible. It does not emerge from the manual whether or not the companies have to make more frequent returns to the Corporation, but these would seem to be desirable. The best commercial practice is to draw up monthly internal accounts, and presumably the iron and steel companies do employ their own budgetary controls.

Garnishee Orders Against Banking Accounts

[CONTRIBUTED]

UNDER THE RULES OF COUNTY COURTS and High Court one form in which a creditor may execute his judgment is by the attachment of debts through the garnishee procedure. By this procedure, debts "owing or accruing from" a third party to the judgment debtor may be ordered to be paid, not to him, but to the judgment creditor. A garnishee is a person warned to pay his debt to the judgment creditor, "garnish" coming from the same root as "warn."

Thus a banker upon whom a garnishee order has been served may dishonour a cheque drawn by the customer whose account is the subject of the garnishee proceedings—and, to be safe, he should dishonour it. A "garnishee order *nisi*" is in the first instance served on the garnishee banker and also on the judgment debtor; at a later stage the order *nisi* is made absolute. In a standard treatise on banking (Sir John Paget's *Law of Banking*) it is stated quite clearly that a deposit account differs in this respect from a current account, in that garnishee proceedings cannot be taken against the former. The reason for the distinction is not readily apparent and, indeed, until the recent decision of the Court of Appeal in *Bagley* v. *Winsome and National Provincial Bank, Ltd.* (1952, 2 Q.B. 236), the distinction itself was somewhat obscure.

This decision means that a deposit account, at least in its usual form, cannot be the subject of garnishee proceedings. Thus clear judicial authority is at last provided for Paget's statement. In *Bagley's* case the judgment creditor obtained a judgment for some £50, including costs. The garnishee summons to the bank (no order absolute was ever made) was issued on January 11, 1952. The judgment debtor, the banker's customer, gave the bank notice, which took effect on January 11, 1952, to withdraw the money in his deposit account. It is well known that the form of contracts relative to deposit accounts vary between one banking house and another. The contract was here between the National Provincial Bank, Ltd., and the judgment debtor; it provided that "personal application must be made and this book [the deposit account book] produced at the bank when any money is withdrawn" and that "all withdrawals are subject to fourteen days' notice." It followed that the bargain was that the bank would credit the depositor with interest on the sums deposited and would be liable to pay the sums deposited only upon the two stated conditions being satisfied, unless waived by the bank. In this case, the notice of withdrawal had been given and had expired at the relevant date, so that beyond doubt the second condition was satisfied. But it appeared that the debtor had not yet presented himself at the bank armed with his deposit account book, and the sum deposited therefore remained with the bankers. In these circumstances, was the sum standing to the credit of the depositor a debt "owing or accruing" to him from the bank within the meaning of the law of garnishee? Unless it was, it was not a proper subject of this form of execution. For reasons which are explained below, the Court of Appeal answered "no" to this question.

Current Accounts

It has for long been well established (and it is common practice) that garnishee proceedings are available against a current account. Until 1921 it was not generally thought that there was any problem involved. But in *Joachimson* v. *Swiss Bank Corporation* (1921, 3 K.B. 110), decided in the Court of Appeal, a distinction was drawn between the position of a bank and its customers, on the one hand, and of other debtors and creditors, on the other hand, the banker not being in the position of a debtor who was bound to find out the creditor and pay him the debt when due. Where money is standing to the credit of a customer on a current account, a demand by the customer is a necessary ingredient in the cause of action against the banker for money lent. The Court held in *Joachimson's* case that, where the account was a current one, a cause of action did not arise until the demand on the banker had been made. The Court was asked how, if that were so, could the well-established garnishee procedure in relation to current accounts be justified, since in at any rate nine cases out of ten no demand for payment would have been made when the garnishee proceedings occurred? The Master of the Rolls in the recent case thought that this was a serious problem. It was solved in *Joachimson's* case by saying that garnishee orders would nevertheless be good, because the service of the order *nisi* would operate as a demand and take the place of the demand of the customer. This solution did not amount to a mere *obiter dictum*, and was affirmed by a further decision of the Court of Appeal in *Rekstin's* case (1933, 1 K.B. 47).

Another useful decision is *Webb* v. *Stenton* (11 Q.B.D. 518). This case, which was not itself concerned with a current account, shows that a judgment creditor in garnishee proceedings can attach a debt which is payable over a number of instalments. The creditor claimed by this procedure of execution to get possession of the income of a trust fund held by trustees, in which the judgment debtor had a limited interest. The facts do not here matter, but the Court made it plain that by the formula "debts owing or accruing" was meant debts which were then owing, debts due *in præsenti*, whether or not they were immediately payable. Thus a debt which had accrued due, but was not payable until some future date, was within the phrase "debts owing or accruing."

Deposit Accounts

It was argued for the judgment creditor in *Bagley's* case that if the service of a garnishee summons can operate as a demand by the judgment

debtor on his banker who holds money on current account, there is no logical reason why it should not be taken as operating in satisfaction of any other conditions relative to a deposit account. Since the garnishee order *nisi* takes the place of the demand, why should it not also take the place of the production of the deposit book? The Court did not accept this argument. It was held that the two conditions involved, the demand and the personal application with production of the deposit book, were of a different character. The deposit book is the document of title to the deposit account and delivery of it to a third person may even operate as an effective gift *mortis causa*. On the other hand, the Court thought that it was an unnatural and wrong use of language to suggest that where a notice of withdrawal had been given, there remained a contingent debt. If the service of the notice of withdrawal can be regarded as a demand for payment, the bank is still entitled to rely and insist upon the contract, which obliges it to pay only upon satisfaction of the other condition. That condition may or may not be satisfied at some indefinite future time, and in the meantime the judgment creditor cannot be in a better position than the party to the contract with the bank, namely, the judgment debtor. The deposit account was not to be treated, as a consequence of the decision in *Joachimson's* case, as a debt " owing or accruing."

Some references have been made to deposit accounts in other cases. Lord Esher, Master of the Rolls, in *Atkinson* v. *Bradford Third Equitable Benefit Building Society* (1890, 25 Q.B.D. 377), pointed out that money paid into a deposit account would be very different from money lent to a building society and (as Sir Raymond Evershed, Master of the Rolls, remarked in the recent case), he went on to whet the appetite, without satisfying it, by adding: "We shall know how to deal with it "—the case of a deposit account—" when it comes before us." It did not come before the Court in Lord Esher's day, but it did two generations later.

In *Atkinson's* case the terms of the contract with the building society to which money had been lent required that a certain period of notice should be given before the depositor could withdraw the money, and that he should attend personally or send written authority and produce his investor's book. The building society had pleaded, after a demand for payment had been made, that the claim was then barred by the Statute of Limitations. The answer of the Court was that since no notice of withdrawal had been given, the Statute had not begun to run when the defendants said that it had. The circumstances, therefore, are not entirely dissimilar from those where there is a deposit account with a banker, for the case showed that the special terms of the contract govern the obligation to repay. Other circumstances of a similar character may be imagined. A man may lend to a company money on an unsecured debenture, whereby the company would be liable to pay only on the satisfaction of certain contractual conditions. Until the conditions had been satisfied it would be very difficult to say that a debt had arisen within the terms of the relevant rules.

The case of *O'Driscoll* v. *Manchester Insurance Committee* (1915, 3 K.B. 499) illustrates the opposite conclusion. A doctor, who was acting under certain contractual arrangements that need not be elaborated, became entitled to a certain share of an insurance pool under the National Insurance Act, 1911, which was calculated and made payable at certain specified intervals. At the relevant date it was not in dispute that the doctor was entitled to a certain share, though its precise amount had not fallen to be computed. It was, therefore, *debitum in præsenti* but *solvendum in futuro*, and therefore a debt within the formula used. The matter was stated by Lord Justice Swinfen Eady thus:

> It was not presently payable, the amount not being ascertained, but it was a debt to which the doctors were absolutely and not contingently entitled. The only question was as to the amount of the debt, the debt not being payable until the amount had been ascertained.

In *Bagley's* case the Court refused to treat a deposit account as comparable with the situation in *O'Driscoll's* case. It was urged by counsel for the judgment creditor that the production of the deposit book was a matter of mere formality, that as the customer had given notice to withdraw, the debt was payable subject only to compliance with certain merely formal conditions, for if the deposit book had been lost the customer would be able to recover the payment outstanding in a Court. Sir Raymond Evershed, M.R., conceded that the distinctions are apt to be somewhat narrow, but still, reverting to *O'Driscoll's* case, it could not be said in *Bagley's* case that the only question remaining was that of amount. What was outstanding was that the contract relating to the deposit required certain things to be done before the bank was under an obligation to pay.

The point of legal principle which underlies the objection to the use of garnishee procedure against a deposit account was clearly and firmly stated by Lord Justice Jenkins in *Bagley's* case. He said:

> *Prima facie* it would be wrong in principle for garnishee proceedings to have the effect of putting the judgment creditor in a better position as against the garnishee than the judgment debtor himself would have had. That, so far as I can see, is exactly what we are being asked to do in the present case. The judgment debtor could not obtain payment from the bank of the money in his deposit account without making a personal application and producing his deposit book. It is now claimed that the bank, at the instance of the judgment creditor, should be compelled to make payment without compliance with those stipulations. That seems to me to be wrong in principle, and there is nothing in the authorities to the effect that we ought to hold otherwise.

It was to his mind one proposition to hold that a garnishee order *nisi* should be treated as equivalent to a simple demand by the judgment debtor, in a case in which a simple demand is all that is necessary in order to make the garnishee immediately liable, and quite another to say that such an order is to be taken in substitution for, and as the equivalent of, such a condition or stipulation as the production of a deposit book.

Although a judgment creditor cannot attack a debtor's deposit account by a garnishee order, he is not left without a remedy. He can proceed by equitable execution through the appointment of a receiver. But this procedure is not usually so summary and is likely to be more costly. As a general proposition it is true to say that debtors with money in their bank fear garnishee orders more than they fear appointments of receivers.

The President in Canada

The Fiftieth Anniversary of the Canadian Institute of Chartered Accountants was celebrated at a luncheon in Montreal on September 10. Mr. C. Percy Barrowcliff, F.S.A.A., President of the Society of Incorporated Accountants and Auditors, was a guest at the luncheon, and we give below the text of his speech on that occasion.

I AM HONOURED IN BEING ASKED TO ADDRESS you on this historic occasion. Fifty years is a comparatively short time to the older professions of law and medicine, which reach back many centuries. In the case of the accountancy profession, however, it represents quite a considerable part of its known organised life of 100 years. You have achieved much in that time in the three spheres of organisation, qualifications and status. All your friends from other countries, I am sure, will join me in offering you heartiest congratulations on your achievements.

Accountants now occupy a position of the utmost importance in the economy of a country. I would make bold to say that the whole financial structure of a country rests firmly upon the skill, independence and integrity of the accountancy profession. A very delicate and highly complicated commercial structure has developed, and its orderly place in a country's economy depends to a large extent upon our profession. We advise on the costing; on the accountancy; on the financial implications and on various other matters of managerial and administrative concern; we audit the accounts which the public—whose money is at stake—require to be done by those who are skilled enough to do it, who are unfettered by personal interest, and whose integrity is above suspicion. It is to a large extent our certificates which bring confidence to the investing public and it is to our certificates the taxing authorities look for assurance as to the correctness of the results of the trading activities.

Gone are the days when this profession was looked upon as consisting of glorified book-keepers. The people of Canada are fortunate indeed that this great Institute of yours is coping with those increasing responsibilities with such remarkable success. Increasing technique and greater skill is ever being demanded in your examinations to keep pace with the demands made upon the profession. There is no profession which has as great a knowledge of business generally, of its finance and of its relation to the country's economy, than the accountancy profession; and I do suggest that Governments would be well advised to consult with the profession, much more than they do, on matters affecting the business side of the country's affairs. Our practical experience is unrivalled and we would willingly place that experience at the service of the government of the country to which we belong.

As you know, we had an International Congress on Accounting in London in June and we were delighted to welcome a number of your members, including Mr. Emile Beauvais, your President, and Mr. King, the Secretary of the Canadian Institute. It is therefore a very great pleasure to see old friends again and it emphasises the value of this personal contact and exchange of views. Is there anything further which we can usefully do? I think there is, but I am sure that it must remain upon an informal basis. Probably in the direction of consultation on qualifying standards—on professional ethics—on auditing technique—on the form of accounts—on management and administration—on the concept of profit: there is a wide field here for research and close co-operation.

I should like to refer shortly to one question of importance, the concept of profit in view of the fluctuating price level. The importance of a correct statement of profit will be appreciated as so many phases of life are affected and influenced by what we term—profit. Taxation liabilities; dividend declarations; respective claims of capital and labour; public opinion with regard to profits, prices and wages; and the preservation of the capital of an undertaking.

I take the view that business is, generally speaking, a continuing enterprise, and that all costs and expenses necessary for its preservation and maintenance should be charged against profits. In particular, I would instance depreciation, which must be based on replacement cost, if the principle of continuity is accepted. At present the profession is wedded to basing depreciation on the original cost of a fixed asset despite the fact that to replace that asset may well cost three to four times the original cost—with the result that when replacement has to take place, only one-third or one-quarter of the necessary capital required for replacement has been provided. To survive that, business either needs to draw on other reserves, if it has any, or has to get fresh capital. It may not have other reserves and it may not be able to raise any further capital—in which case it cannot survive and will have to close down.

I would plead with the profession to give a proper lead on this question and not to wait to be pushed from behind. In Britain, many industrial concerns are providing these extra amounts and are charging them as necessary expenses of the business against the profits. Before long, I can see that industrial practice will compel the accountancy profession to recognise the correctness of such a charge. What a tragic thing this is going to be if we are to be pushed from behind instead of giving the proper lead. Surely we are the people who are best able to say when a business has made real profits—we are the best judges of what is required to ensure that business is treated as a continuing entity, and not as a venture of limited duration and, therefore, only concerned with original costs. A country depends upon its industrial and commercial undertakings and it is in the country's own interest to see that they are allowed to continue—that they can be maintained and consolidated out of revenue to give them a continuous life. It is against everyone's interest to take away in taxation, or in dividends or wages, funds required for maintenance and consolidation.

It is in my view the duty of this great profession of ours to speak out when we see business continually being imperilled by the withdrawal—for taxation, dividends or anything else—of funds vitally necessary for survival. There is an increasing tendency everywhere to strain the resources of business by crippling taxation demands. We should be aware of the danger before it is too late.

You have completed the first glorious page of your history and I know that the future is going to be even more glorious than the past. You are destined to play a great part in the future of your country and that part will surely be accepted with grave responsibility and by fitting your members with increasing technical skill, even greater independence, and that absolute integrity which must always be their watchword.

We all wish you God-speed in the years to come.

Fiscal Declensions

OR, THE CASES OF THE NOUN *TAX*

By R. A. FRICKER, A.S.A.A.

LET US TAKE A LOOK AT FAMILIAR THINGS from an unfamiliar angle—the volumes of *Tax Cases* from the point of view of general interest rather than from that of specific problems. The observation that equity and income tax are strangers is merely the best known and most used of the plentiful aphorisms in these numerous volumes.

CRITICISM OF THE ACTS

Perhaps one's first impression is the frequency with which the language of the Income Tax Acts has invoked judicial criticism. To practitioners wrestling daily with difficult questions of construction, it may possibly be some consolation to learn that Judges have had occasion to refer to complicated, obscure provisions, surplusage and tautology, indifferent drafting, lack of orderly arrangement and extreme incoherence. They have criticised legislation by reference, the use of words which are essentially the vaguest in the English language and amendments framed without sufficient regard to the basic scheme of the Income Tax Acts. They have termed the unintelligible form of tax legislation a crying scandal and indeed, only four years after the consolidation effected by the Income Tax Act, 1918, a judge emphasised the need for income tax law to be expressed as speedily as possible in a new Statute which should bear an intelligible meaning. We are told that although a consolidating Act, generally speaking, ought to be construed so as not to change the existing law, yet it may change the law, as it has to be construed according to its own language.

After all this, it is no surprise to see it remarked that we are not living in Utopia, where a perfect and ideal lawgiver may be had very readily.

BUDGET EXPERIMENTS

It was also remarked, over twenty years ago, that:

"It might be well worth the consideration of those who make changes from year to year and regard the Budget as a great opportunity for originality in the imposition of taxes, whether or not it would not be more advisable to leave the taxation of this country, so far as possible, on the well-tried lines which have been dealt with year after year by decisions of Courts of Justice, rather than to try new experiments."

THE WAY OF TAXPAYERS

Not only (it is said in these volumes) does income tax legislation know nothing of hardship and a Revenue claim in terms of the taxing Acts must be sustained even if the result seems unjust and oppressive, but also the way of taxpayers is hard and the Legislature does not go out of its way to make it any easier.

It is here recognised, as a sound principle, that the law should, as far as possible, be rendered certain, and that the subject ought to be told in statutory and plain terms when he is chargeable and when he is not. On the other hand, not only have elaborate processes of hair-splitting arguments and of ratiocination received adverse comment, but also it has been indicated that bodies of Commissioners are empowered in terms so general that no one can be certainly advised in advance whether he must pay or can escape payment. (Pity the poor taxation adviser!) It was even once remarked that it was almost true to say that the spin of a coin would decide the matter as satisfactorily as an attempt to find reasons.

There is worthy of remark a pregnant passage recording that human motives are obscure, difficult of ascertainment, sometimes conjectural and that their ascertainment cannot appropriately be allowed to enter into the matter of the collection of the public revenue.

DISCONCERTING REALITIES

When one considers that income tax was originally imposed about a hundred and fifty years ago as a purely temporary tax and that at one time it was withdrawn and all the records destroyed, disconcerting is possibly a mild word to use on being reminded that the tax has become a permanent tax, annual in the sense that we have it every year like the seasons. Incidentally, the first time a Chancellor dared to refer to the tax as permanent is thought to have been in 1874—when the rate was 2d. in the pound.

We are also told that anomalies must always exist in the incidence of a tax such as the income tax—and this remark was made long before the introduction of Super Tax, Sur-Tax, Profits Tax, Excess Profits Tax, Special Contribution or Excess Profits Levy. Coming nearer to a matter of direct professional interest, we are reminded that accountants are not entirely indispensable when we read that the Court would not entertain, as a proposition of law, that the subject cannot approach the Commissioners unless armed with an accountant's certificate.

In view of the heavy burden of taxation today it is no wonder that taxpayers have constantly to bear in mind the effect of taxation upon almost any course of action. What may or may not be done? In this connection, the following passages are not merely interesting but of real importance.

LEGAL AVOIDANCE

"No man in this country is under the smallest obligation, moral or otherwise, so to arrange his legal relations to his business or to his property as to enable the Inland Revenue to put the largest possible shovel into his stores. The Inland Revenue is not slow—and quite rightly—to take every advantage open to it under the taxing Statutes for the purpose of depleting the taxpayer's pocket; and the taxpayer is, in like manner, entitled to be astute to prevent, so far as he honestly can, the depletion of his means by the Revenue.

"Every man is entitled if he can to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be. If he succeeds in ordering them so as to secure this result, then, however unappreciative the Commissioners of Inland Revenue or his fellow taxpayers may be of his ingenuity, he cannot be compelled to pay an increased tax.

"Judicial dicta may be cited which point out that, however elaborate or artificial such methods may be, those who adopt them are 'entitled' to do so. There is, of course, no doubt that they are within their legal rights but that is no reason why their efforts, or those of the professional gentlemen who assist them in the matter, should be regarded as a commendable exercise of ingenuity or as a discharge of the duties of good citizenship."

CONSOLATIONS

Is any consolation to be found? It is something to find it recorded that the object is to tax people justly and not unjustly and that the Crown cannot claim to tax for the same years the same income in two different categories. The Legislature, however, must be assumed to have intended what it has said and a Court of Law cannot assume that it has made a mistake. Perhaps the most

delightful thought is that if the tax is clearly imposed, the omission of the Legislature to provide means for its collection must be regarded as an unfortunate omission and nothing else, although it must be said that omissions of this kind do not appear altogether to abound.

DEFINITIONS

If we look among the *Tax Cases* for some definitions we find that every house that is occupied is an inhabited house. If, however, we seek definitions of the balance of the profits or gains of a trade, or of income, we are told that nowhere in the Income Tax Acts are they contained. It is, however, indicated that whether an outlay is to be treated as capital or income depends partly upon the consideration whether an operation is trivial in relation to the magnitude of the works. Merely reflecting on the frequency with which trivial items are disallowed as capital expenditure, we pass on to a few metaphors.

METAPHORS

"There would not be a succession until one flag was hauled down and the other flag was hoisted."

"A noun substantive in a statute does not take its colour, like a chameleon, from such surroundings as the motives of the persons whose property it correctly describes."

"A single plunge may be enough provided that the plunge is made in the waters of trade."

"The ripe tree loses weight and worth when it sheds its fruit but the fruit remains fruit and no more, unless in its fall it has taken part of the tree with it."

"The supposed doctrine of substance and form, one had hoped, had been decently interred, but its ghost still walks on occasions."

"The agreements were not incidental to the working of their profit-making machine but were essential parts of the mechanism itself."

Interesting as are these and others like them, we are reminded "that the Crown does not tax by analogy but by Statute and that analogy is not a safe guide in the construction of Inland Revenue Statutes."

IN LIGHTER VEIN

Tax Cases are possibly not the best medium for judicial wit or humour, but a few not unamusing passages may be noted.

Thus it was observed that one cannot vacate an office better than by dying in it and that a tramp has a residence in this country. Then does not "a sub-section of an extremely doubtful character" conjure up a vision of some itinerant vagrant of a draftsman? We also notice that the use and practice of the English Courts can be ascertained by the Scotch Courts only by such evidence as they are accustomed to receive as to the use and practice at foreign Courts. Is not "foreign" a little ungrateful after the efforts to introduce Scotch terms? Witness: "The Acts speak the language of an English lawyer with some Scotch legal phrases thrown in rather casually." And ponder upon the following: It might be argued a charity is for the good of mankind; all lawful trades and professions are for the good of mankind; therefore all lawful trades and professions are charities; and in that way income tax under Schedule D might be abolished. Delightful as a prospect, how unfortunately fallacious as an argument!

One finds that a tendency is detected to treat Revenue cases as a mystery, but this is hardly a surprising discovery in the face of the intricacies and mazes of the Acts, regulations, case law, administrative concessions and official practice. One might also have thought that surely there was no taxpayer whatever who would disagree with the view that "all taxes in a certain sense are contrary to natural justice." Yet taxpayers of Glasgow (yes, Glasgow) are reported as having gone on strike because there was not sufficient staff to take their taxes! When? Nearly a hundred years ago.

Excess Profits Levy—IV*

UNDISTRIBUTED PROFITS AND OVER-DISTRIBUTION OF PROFITS

HAVING COMPUTED THE PROFITS according to the rules discussed in the August issue (page 273), we next have to arrive at the amount of the undistributed profits or over-distribution of profits. The rules are laid down in the tenth schedule.

Amounts Regarded as Available for Distribution

These are the sum of:

(*a*) Half the profits (if any) for the accounting period. This is a rough way of allowing for the fact that income tax and profits tax have been paid out of the profits. See below as to computation of profits for this purpose.

(*b*) Half any amounts deducted from the said profits for (i) allowances for wear and tear based on any accounting period ending at or before the relevant date (see page 236 of our July issue), and (ii) losses incurred in any accounting period ending at or before the same date. If the allowances or losses exceed the profits of the accounting period, the excess is ignored. This is reasonable, since these amounts brought forward have reduced the income tax and profits tax payable.

(*c*) Any E.P.L. for a previous chargeable accounting period which is the subject of relief because of a deficiency in the acounting period.

Amounts Regarded as Distributed

These are the sum of:

(*a*) Half the loss (if any) for the accounting period.

(*b*) Any E.P.L. payable for the accounting period, calculated without any reduction for any subsequent deficiency. If there is no E.P.L. payable for a chargeable accounting period, or the amount is less than 15 per cent. (or 10 per cent. where relevant) and as a result an adjustment of relief previously given under the overriding limit provisions causes E.P.L. to be payable, that E.P.L. is taken into account as paid for the chargeable accounting period in question, although an additional assessment may have been made for a previous period.

*Previous articles appeared in our issues for July, pages 236-7; August, pages 273-5; and September, pages 306-7.

(*c*) The amount by which the profits tax payable for the accounting period exceeds what would have been payable if there had been no net relevant distributions to proprietors. Up to December 31, 1951, only half the amount is taken into account because of the profits tax having been allowed as a deduction for income tax purposes.

(*d*) The net dividends and cash bonuses paid to members for the accounting period. The same rules apply as for profits tax in determining for what chargeable accounting period a dividend is paid.

(*e*) The value of any assets distributed in kind to members, unless already included as a repayment of capital for the purpose of calculating the addition to or deduction from the profits of the standard years in respect of alterations in capital. Assets are valued at their written down value for income tax purposes at the time of the distribution.

(*f*) Any consideration charged to sur-tax as being in respect of a restrictive covenant caught by Section 26, Finance Act, 1950 (now Section 242 of the Income Tax Act, 1952).

(*g*) Sur-tax borne by the company as a result of an apportionment under the provisions regarding avoidance of sur-tax by companies which are under the control of five or fewer persons and fail to distribute a reasonable proportion of their profits.

It will be seen that some references are made above to chargeable accounting periods. Where these are not the same as the accounting period, the necessary apportionments have to be made. These are on a time basis unless the Commissioners of Inland Revenue, having regard to special circumstances, otherwise direct. Their discretion here is absolute.

Recomputation of Profits

The profits as computed for E.P.L. have to be modified for the purposes of distribution calculations in the following respects :

(*a*) To write back the adjustments made in respect of initial allowances ; the actual allowances as made for profits tax must be deducted.

(*b*) Balancing allowances and charges must be included.

(*c*) The adjustments in respect of mines, oil wells, etc., must be written back.

(*d*) Any adjustments for unreasonable or unnecessary expenses, for spreading expenditure to other periods, for back service payments and for repairs and renewals deferred from war years, must also be written back.

(*e*) The actual directors' remuneration charged in the accounts and all annual payments (whether or not wholly and exclusively laid out for the purposes of the trade) must be charged against profits in lieu of the restricted amounts which may have applied in the E.P.L. profits computation.

In other words, the amounts paid away must be treated as paid away !

Effect on Standard Profits

Having arrived at the profits of the standard years, it is necessary to proceed on these lines :

(1) Average each of the three pairs.

(2) Substitute in each pair a percentage of capital in place of the profits of each year in turn. That gives six additional possibilities !

(3) Add or deduct in each computation 12 per cent. (14 per cent. if director-controlled) of the additions to or repayments of share capital. The dates of the changes in capital will affect the standards according to the years chosen.

(4) Add or deduct likewise 12 (or 14 if relevant) per cent. on the undistributed profits or over-distributons of profits, from the relevant date to a date 12 months before the end of the chargeable accounting period. The relevant date affects this considerably, and again depends on the years chosen.

(5) Calculate 10 per cent. (12 per cent. if director-controlled) of the share capital (including premiums) paid-up at December 31, 1946 and at December 31, 1951, and add or deduct for capital changes and undistributed profits, etc., after the respective dates.

(6) Calculate 8 per cent. (10 per cent. if director-controlled) of the net assets at the same dates, and proceed with the capital, etc., percentage additions or deductions.

(7) Decide which standard of the thirteen is best. (The standards accumulate thus : (1) (3) and (4) above gives three, (2) (3) and (4) a further six, (5) and (6) give two each). If none equals £5,000, elect for the minimum standard.

(8) Check that the overriding limit of E.P.L. has not been reached.

Taxation Notes

Section 142, Income Tax Act, 1952

The old "Rule 13" relief may not yet be familiar in its new setting. This Section allows a loss in the basis year in one business to be set against assessment on the profit made on another business carried on by the same person.

The loss has to be "as computed under this Act," and the relief has one or two peculiar features, as shown below :

Illustration (1) : A person carried on a business in which he made considerable profits. On June 1, 1950, his wife commenced a business in which for the period to December 31, 1950, she made a loss of £900, and in the year to December 31, 1951, a profit of £600.

For the purpose of set-off against the assessments on the husband's business, the losses are :

1950-51 $-£900 + \frac{3\frac{1}{2}}{12} \times £600 =$ loss £724

1951-52 $-£900 + \frac{5}{12} \times £600 =$ loss £650

1952-53 Assessment on £600.

Illustration (2) : Had the first accounts been made up to May 31, 1951, and shown a loss of £750, the section 142 relief would have been :

1950-51 $-\frac{10\frac{1}{2}}{12} \times £750 =$ loss £639

1951-52 loss £750

1952-53 loss £750

The above extra reliefs flow from the rules that the assessment for the second year is on the profits of the first twelve months, and that for the third year on the profits of the preceding year. For Section 142, losses are computed in the same way.

Illustration (3) : A and B were in partnership until December 31, 1951, when they admitted C to a quarter share. The accounts for the year to December 31, 1951, showed a loss of £2,000. If C has another business, he can set off one-quarter of the loss, i.e. £500 in 1952-53, because the allocation of the loss to the partners is made according to the partnership agreement in force in

the year of claim. Similarly A and B can only set off their (new) shares in the loss if they claim under Section 142. But if A and B have already claimed relief under Section 341 (the old 34), they will have had relief on the whole loss, and none will be available for Section 142. If no Section 142 or 341 claim is made, the loss will be carried forward under Section 342, by A and B; none of it accrues for C's benefit.

Illustration (4): A and B are in partnership. In the year ended December 31, 1951, the partnership made an adjusted loss of £1,000. Until that date, B had one-third interest in the partnership, after being credited with a salary of £400 per annum. Thereafter, the salary ended, but B became entitled to one-half the profits.

Division of loss for Section 142—1952-53 A £500; B £500.

Division of loss for Section 342—as they showed in the year the loss was made: A $\frac{2}{3} \times (£1,000-£400)=£400$; B $\frac{1}{3} \times (£1,000-£400)+£400=£600$.

If A claimed under Section 342—carrying forward £400, and B under Section 142—set-off of £500, B would have £100 to carry forward under Section 342.

If A claimed under Section 142—set-off of £500, and B under Section 342—carrying forward £600, it seems that reliefs on £1,100 in all could not be refused.

A similar situation can arise where Section 341 and Section 142 are considered. The underlying principle is that Section 341(5) says that where repayment has been made to a person under the Section, he is not entitled, in computing any future assessment, to deduct the amount of the loss in respect of which the repayment was made; i.e. it is only his share of loss that is affected. In Section 342, the wording is different, but interpreted also as referring to the person's loss.

Returns

Many income tax returns have included the total only of dividends and interest received, without any accompanying schedule. The Special Commissioners are now checking up on 1951-52 by asking for a detailed statement of the sources of such income, including the amounts of holdings of shares or stock, and the gross amounts of the income from each. The work involved in typing such schedules has been in many cases a very serious brake on output during the holiday months. Unless the Special Commissioners are going to check the schedules against lists of shareholders and against lists of beneficial owners in the case of nominees, it is not easy to see what real purpose will be served.

Tax Reserve Certificates

One important feature of these certificates not mentioned in our previous note (September issue, page 311) is that they cannot be accepted in satistion of income tax due under Schedule E.

Where several tax collecting offices are concerned, the certificate(s) being surrendered should be sent to one of the offices with all the demand notes or pay slips.

Maintenance Claims

While relief under Schedule A on a maintenance claim is required by the Acts to be given by repayment of tax, it is the practice, where the claim has been agreed before the tax falls due, to set off the amount repayable against the Schedule A tax on the property.

Emigration of Companies

Section 468, Income Tax Act, 1952 (formerly Section 36, Finance Act, 1951) makes it unlawful (without the consent of the Treasury) for a company which is resident in the United Kingdom to transfer its business abroad in whole or in part or to permit certain transactions in shares or debentures of overseas subsidiary companies. This legislation was the subject of a lecture delivered by Mr. Frank Bower, C.B.E., M.A., before the Incorporated Accountants' London and District Society in November 1951, and reproduced (together with notes by Mr. Bower and the Treasury instructions to applicants) in ACCOUNTANCY, January 1952, pages 17-28.

The Treasury has power under the Section to issue consent generally to certain classes of transaction and in August 1951 the terms of three such General Consents were announced.

The Chancellor of the Exchequer stated in the House of Commons on May 28 that it was proposed to issue two further General Consents to cover other types of transaction. The Treasury is now able to announce the full terms of the new Consents to which the Chancellor referred. It will not in future be necessary for companies to make application for the consent of the Treasury under Section 468, Income Tax Act, 1952, in respect of the following classes of transaction:

(1) A transaction falling within paragraph (*c*) of subsection (1) of Section 468 of the Income Tax Act, 1952, where the body corporate which is not resident in the United Kingdom was incorporated after December 31, 1951, for the purpose of starting and carrying on a new industrial activity in any Commonwealth territory and is resident in that Commonwealth territory.

"Industrial activity" means any productive, extractive or manufacturing industry, any public utility, fisheries or any form of husbandry.

(2) A transaction falling within paragraph (*b*) of subsection (1) of Section 468 of the Income Tax Act, 1952, which consists of the outright sale of a business or part of a business to a person not resident in the United Kingdom, provided that:

(*a*) The sale is for full consideration paid in cash;

(*b*) The consideration for the sale does not exceed £50,000;

(*c*) The buyer is not a body corporate over which persons ordinarily resident in the United Kingdom have control;

(*d*) The buyer has no interest in the business of the seller, and the seller has no interest in the business of the buyer;

(*e*) The sale is not associated with any other operation, transaction or arrangement whereby the business (or the part of a business) which is sold, or any interest in that business (or part of a business), may revert to the seller or to any person who has an interest in the business of the seller.

Farmers' Income Tax

A revised edition of this booklet, compiled by the Inland Revenue in collaboration with the Ministry of Agriculture and Fisheries and the Department of Agriculture for Scotland, has been published by Her Majesty's Stationery Office. It is already a little out of date. It incorporates changes made by the Finance Act, 1951, but the illustrations do not include the reliefs given by the Finance Act, 1952. The cost is one shilling net, compared with the sixpence charged for the 1948 edition; it is not so long ago that the cost was threepence! The deletion of the pre-1949-50 rules has shortened the booklet by five pages of print. It continues to be a useful guide to the rules affecting farm assessments, valuations of stock, tillages, crops, etc., and the appropriate reliefs, rates of allowances for wear and tear, etc.

The Income Tax Act, 1952

A loose-leaf copy of the Act, with statutory regulations, etc., so far as they relate to income tax, has been published by Her Majesty's Stationery Office, price £2 2s. net (in binders, £2 12s. 6d. net). This follows the familiar form, and includes cross-references from and to former enactments, tables of rates of income tax since 1894—what a distance we have travelled since the rate was eightpence in the £!—of personal reliefs since 1920, of super tax and sur-tax since 1909 (then a uniform rate of 6d. in the £, where the income exceeded £5,000, on the excess over £3,000) and a comprehensive index. Presumably, the supplement on the Finance Act, 1952, will follow in a few months.

Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT.

INCOME TAX

Income tax—Employment of American citizen in United Kingdom—Agreement made abroad—Remuneration paid into bank abroad—Resident in United Kingdom—Employment exercised in United Kingdom—Whether remuneration assessable under Schedule E—Whether taxable under Schedule D, and only on remittances—Income Tax Act, 1918, Schedule D, Charging Rule 1 (a) (ii), and Cases II and V.

Harvey *v.* Breyfogle (Ch., May 1, 1952, T.R. 219) was obviously the first step by the Revenue with a view to getting the anomalous tax position resultant from the decision of the Court of Appeal in *Bennett* v. *Marshall* (1938, 16 A.T.C. 167; 22 T.C. 73), considered by the House of Lords. The Special Commissioners had held that they were bound by the said case to find that the respondent was not assessable under Schedule E; and in the High Court the proceedings were purely formal, Danckwerts, J., holding himself similarly bound. There will be similar proceedings in the Court of Appeal; and it would seem to be desirable that some adjustment of the legal machinery should be instituted whereby in such cases the appellant can proceed direct from the Commissioners to the first Court which can reverse the existing binding decision. It appears from a statement in the case of *Bray* v. *Colenbrander*, also noted in this issue, that the Revenue is paying the costs in both cases.

Income tax—Employment—Dutch national—Contract of employment made abroad—Employment exercised in United Kingdom—Remuneration paid partly in London and partly abroad—Whether assessable in United Kingdom in respect of remuneration—Income Tax Act, 1918, Schedule D, Charging Rule 1 (a) (ii), Cases II and V—Schedule E—Finance Act, 1922, Section 18.

Bray *v.* Colenbrander (Ch., May 2, 1952, T.R. 221) was a case of general similarity to *Harvey* v. *Breyfogle* (noted above) but with important differences in the facts. Respondent was a Dutch journalist appointed in December, 1945, to be the London correspondent of a Dutch newspaper. His conditions of service were settled by his editor in Amsterdam and were oral. He had the use of a desk in the London offices of the *Manchester Guardian* in order to inspect the foreign cables of that newspaper, but the rest of his duties were carried on from his London flat. His remuneration was payable monthly in Holland and, by arrangement, his wife, who with his child continued to reside in Holland, was paid a fixed sum each month by respondent's employer. The balance amounting to some £78 per month was remitted to him in London by his request and his employers had an account in London upon which he was entitled to draw. Each month a sum was remitted from Holland representing (*a*) the balance of his remuneration, (*b*) a contribution by his employers towards the cost of his flat, (*c*) an amount to cover expenses. On appeal against an assessment under Schedule E the Special Commissioners had found that respondent's employers were resident abroad, his salary was payable abroad and the locality of his office or employment was abroad. Therefore, although the duties were mainly performed in the United Kingdom, on the authority of *Bennet* v. *Marshall* (1938, 16 A.T.C. 167; 22 T.C. 73), they discharged the assessment. Danckwerts, J., affirmed their decision. He said that it had been contended for the Crown that respondent's employment was within the charge to Schedule E as "a public office or employment of profit," despite the decision in *Great Western Railway Co.* v. *Bater* (1922, 1 A.T.C. 104; 8 T.C. 241) and the *dicta* in *McMillan* v. *Guest* (1942, 21 A.T.C. 73; 24 T.C. 190). He rejected this contention; and this, he said, was fatal to the Crown's claim to tax under Schedule E. (He did not in his judgment consider the position created by the transfer of Schedule D employments to Schedule E by the Finance Act, 1922). He said that the next point to be considered was whether respondent came under Case II of Schedule D or under Case V in respect of foreign possessions; and difficulty arose from the fact of payments of remuneration being made in London. He said he came to the conclusion that the respondent's salary was legally payable in Holland with the result that *Bennet* v. *Marshall* governed the case, liability being under Case V. As regards the Crown's contention that the payments made in England represented a variation of the original agreement, the judge pointed out that this, if correct, would be fatal to liability under Case V (see, as regards this, *Pickles* v. *Foulsham* (1925, A.C. 458, 9 T.C. 261)).

The Crown contended that *Bennet* v. *Marshall* was distinguishable; but it had indemnified Mr. Colenbrander against costs. In view of the importance attached in previous cases to the payments provisions and the difference in this respect between the present case and *Breyfogle's* case, it may well be that both are to be carried to the final Court.

Compensation for loss of office—Sale of shares in company to another company—Vending agreement under which payments to retiring directors and auditor as compensation for loss of office—Whether payments deductible in computing profits of vendor company.

James Snook and Co., Ltd. *v.* Blasdale (C.A., May 14, 1952, T.R. 233) was noted in ACCOUNTANCY for June, 1952 (page 200). It was contended that the payments, amounting to £31,818, which were made by the appellant company to the retiring directors and auditor as compensation for loss of office by virtue of a vending agreement under which another company, Bell and Nicholson, Ltd., had acquired control, were deductible in arriving at the profits of the appellant company under Rule 3 (a) to Cases I and II of Schedule D—now Section 137 (a) of the Income Tax Act, 1952—as being wholly and exclusively expended for the purposes of the trade. The General Commissioners had rejected this contention. Donovan, J., had upheld their decision in a judgment which was affirmed by a unanimous Court of Appeal as a finding of fact for which there was evidence. In the original note, the present writer quoted

a passage from the judgment of Donovan, J., which seemed to him to contain the gist of the matter; and, inasmuch as the Master of the Rolls shared this opinion upon a subject which, despite the somewhat limiting effects of Sections 191-194 of the Companies Act, 1948, is still of everyday importance, it is worthwhile repeating it :

> The mere circumstance that compensation to retiring directors is paid on the change of shareholding control does not, of itself, involve the consequences that such compensation can never be a deductible trade expense. But it is essential, in such cases, that the company should prove to the Commissioners' satisfaction that it considered the question of payment wholly untrammelled by the terms of the bargain its shareholders had struck with those who were to buy their shares, and came to a decision to pay solely in the interests of its trade.

The decision of the Court was based on the word " exclusively " in the Rule, a condition found to be not satisfied. It will be noted that in the case under review the compensation was paid by the company whose shares were being acquired. In others it may be paid by the purchaser of the shareholding control; but the fundamental question is the same in both sets of circumstances and, assuming the compensation to have been wholly and exclusively expended for the purposes of the trade, the further question may arise whether it is nevertheless inadmissible as being capital expenditure, *Royal Insurance Company* v. *Watson* (1896, 3 T.C. 500, (1897), A.C. 1).

Income tax—Settlements by father on children—Deposits in Post Office Savings Bank in names of children—Gifts of Defence Bonds to children—Children both minors—Drawings expended for children's benefit—Whether sums placed in Post Office Savings Bank and gifts of Defence Bonds " settlements " within Section 21 of Finance Act, 1936—Whether separate assessments not exceeding £5 possible—Finance Act, 1936, Section 21—Finance Act, 1938, Section 38 (2), 41 (4) b.

Thomas *v.* Marshall (C.A., May 13, 1952, T.R. 225) was the subject of a full note in our issue of April last (page 140). The only important point in the case was—and is—whether the definition of " settlement " contained in Section 21 (9) (b) of the Finance Act, 1936, covers outright gifts by a father to his children as had been held to be the case in *Hood-Barrs* v. *C.I.R.* (1945, 24 A.T.C. 94, 27 T.C. 385) or whether that decision of the Court of Appeal was inconsistent with *Chamberlain* v. *C.I.R.* (1943, 22 A.T.C. 111, 25 T.C. 317) and *Vestey's Exors.* v. *C.I.R.* (1949, 28 A.T.C. 89, 31 T.C. 1), where it had been held in the House of Lords that to constitute a " settlement " within the definition contained in Section 41 (4) (b) of the Finance Act, 1938, there had to be one essential condition:

> the settlement or arrangement must be one whereby the settlor charges certain property of his with rights in favour of others.

The two definitions differed in that, although that in the 1936 Act extended to a " transfer of assets " by parent to child, these words were excluded from the 1938 definition. The Commissioners had held that they were bound by the *Hood-Barrs* decision; and Donovan, J., whilst agreeing, had also given an independent judgment upholding it. In the Court of Appeal, it was not only unanimously agreed that the Court was bound by that decision, but Evershed, M.R., pointed out, in addition, that it had confirmed it in *Yates* v. *Starkey* (1951, Ch. 465, 30 A.T.C. 33, 32 T.C. 38). While, however, he himself, like Donovan, J., and by the same reasoning, found himself able to defend the *Hood-Barrs* decision on its legal merits, both of his brethren, Birkett and Romer, L.JJ., expressed regret that they were precluded from considering the problem on its merits. The former said, however, that he agreed with the judgment of the Master of the Rolls, but the latter, in the circumstances, saw no useful purpose in expressing any opinion on the contention that an out-and-out gift was outside of Section 21 as not being " a settlement " although, but for authority, " I should have regarded that contention as of considerable weight."

The case can now go to the House of Lords, as was intended from the first; and the only comment which suggests itself is the question why, in view of the extraordinary results which may ensue if it was intended that all out-and-out gifts by parents to infant children have henceforth to be treated as " settlements," this was not stated in plain words in the 1936 Act.

Income tax—Profession—Barrister—Profession carried on partly in London and partly at home—Expenses of travelling between London and home—Whether deductible in whole or part—Income Tax Act, 1918, Schedule D, Cases I and II, Rule 3 (now Income Tax Act, 1952, Section 137).

Newsom *v.* Robertson (Ch., April 30, 1952, T.R. 209) was unique in that for the first time a most common grievance of the taxpayer came before the Court in the case of a person carrying on a profession. The rules as to deductible expenses in the case of offices and employments assessable under Schedule E—the famous or notorious Rule 9 (now Income Tax Act, 1952, Schedule IX, para. 7)—is, for a reason historical but now quite indefensible in equity, more strict than the corresponding provision now contained in Section 137 of the Income Tax Act, 1952. The issue in the case was a claim by a practising barrister to deduct the cost of travelling between his home at Whipsnade and his chambers in London in arriving at his assessable profits. The appellant had a large room at his home where he kept a set of Law Reports and a number of legal text books. He was given a " study allowance " in respect of this room. During term, the greater part of his work was done at his chambers in Lincoln's Inn but, as in the case of most practising barristers, much was done in his study. In vacation he went to his chambers but seldom, and used his home as the base of his operations. Under Section 137 (*a*) of the 1952 Act, no deduction was permissible in respect of disbursements or expenses " not being money wholly and exclusively laid out or expended for the purposes of the trade or profession "; whilst, by Section 137 (*b*), there was prohibited any deduction for sums spent for domestic or private purposes " distinct from the purposes of each such . . . profession."

The Special Commissioners had refused the claim as a whole, but had held that the appellant was entitled to claim the cost of travelling between Whipsnade and London during vacations in which Whipsnade was his base of operations. Both sides appealed; and Danckwerts, J., affirmed the decision of the Commissioners upon the main point and reversed it upon the second. His judgment was based on the words " wholly and exclusively", the appellant travelling between Whipsnade and London and back not simply for the purpose of carrying on his profession but because he liked living at Whipsnade. (It would seem that, putting the position in reverse and taking Lincoln's Inn as the base of operations, the cost of travelling from London to Whipsnade could scarcely be held to be incurred in carrying on the profession in London and, if so, the cost of getting back would be in like case.)

With the present level of taxation, minor grievances of the taxpayer become matters of importance; and the disallowance of home-and-business travelling expenses has become a differential tax imposed mainly upon those taxed under Schedule D or Schedule E who from choice or necessity work in the big towns. Where there are differences in remuneration rates between London and the Provinces, such differences are grounded upon the increased cost of living and travelling and, subject to one consideration, it would seem logical for equality that the said differences should be allowed as expenses for income tax purposes. The only doubt would seem to be whether, under modern conditions of taxation, there is any appreciable shifting of the tax burden in the fixing of rates of pay. It may be suggested that a Government seeking public support might do worse than allow all such travelling expenses as those in question, but subject to a maximum.

Solicitors—Entertainment expenses—Advice given to clients at lunches—Whether cost of lunches deductible—Whether any part of cost disallowable—Income Tax Act, 1918, Schedule D, Cases I and II, Rule 3 (a).

Beeson *v.* Bentleys, Stokes & Lowless (C.A. May 21, 1952, T.R. 239) was noted in our issue of December, 1951 (page 455). The firm, consisting of two partners, practised as solicitors in the City of London. It was the practice of the firm to take existing clients out to lunch and to discuss business there, only solicitor and client being together. The cost of these lunches was charged to business account and not to the clients. The Special Commissioners had held that they could not come to the conclusion that the expenditure was " necessary " and solely for the purposes of the profession and entirely divorced from " the element of hospitality and the relationship of host and guest "; but Roxburgh, J., had reversed their decision as a finding of fact without evidence in support. He held that the whole cost of the lunches, including the partners' own, was deductible and a unanimous Court of Appeal upheld his decision, Romer, L.J., giving its decision in a judgment which will probably be regarded as a " classic " on the particular subject. Amongst many passages worthy of quotation may be cited the following:

> It is, as we have said, a question of fact. And it is quite clear that the purpose must be the sole purpose. The paragraph says so in clear terms. If the activity be undertaken with the object both of promoting business and also with some other purpose, for example, with the object of indulging an independent wish of entertaining a friend or stranger or of supporting a charitable or benevolent object, then the paragraph is not satisfied, though in the mind of the actor the business motive may predominate. For the statute so prescribes. *Per contra*, if in truth the sole object is business promotion, the expenditure is not disqualified because the nature of the activity necessarily involves some other result, or the attainment or furtherance of some other objective, since the latter result or objective is necessarily inherent in the act.

He then proceeded to give examples to illustrate the general principles set out above. As regards the opinion of the Special Commissioners that the expenditure in question was not " necessary "—a condition not to be found in the Rule—he said:

> It is not for the Special Commissioners to prescribe what expenditure is or is not necessary for the conduct of a profession or business, and they should not in our judgment have applied their minds to that question in the present case. The first reason, accordingly, on which the Special Commissioners based their decision was wanting in the requisite element of relevance.

Additionally, it may be pointed out that the problem in such a case is not to be considered in relation to the profession or business at large but as affecting the particular trade or business constituting the unit of assessment. Leave was given on terms to appeal to the House of Lords.

Trade—Sales of houses by building company—Loans on mortgage by building society to purchasers—Deposits with building society by company to form pool to secure society against loss by reason of loans exceeding normal ratio to value—Cessation of business and company in liquidation—Deposits in pool of full face value at time of cessation—Building society willing to repay on demand—Release of deposits after cessation of business—Whether amounts released includible as trading receipts of last trading period of company.

Chibbett *v.* Harold Brookfield & Son Ltd. (C.A., May 19, 1952, T.R. 257) was noted in our issue of April last at page 139. The case was by way of sequel to *John Cronk and Sons, Ltd.* v. *Harrison* (1937, A.C. 185; 15 A.T.C. 518; 20 T.C. 612); but *Absalom* v. *Talbot* (1944, A.C. 204; 23 A.T.C. 137; 26 T.C. 166), *C.I.R.* v. *Gardner, Mountain and D'Ambrumenil* (1947, 1 All E.R. 650; 26 A.T.C. 143; 29 T.C. 69), both House of Lords appeals, and *Gleaner Company Ltd.* v. *Assessment Committee* (1922, 2 A.C. 169), a Privy Council appeal, came under examination by a Court of Appeal which unanimously reversed the decisions in favour of the respondent company by the Special Commissioners and Donovan, J.

As pointed out in the previous note, the financial scheme, as in *Cronk's* case, was one to enable a purchaser to acquire a house without capital. The builder similarly took the risk of loss arising from the excess of loans by the building society beyond the normal ratio by depositing moneys at interest with the latter; but the scheme differed in one important respect. In *Cronk's* case each deposit in respect of a house was separate, and when a certain stage of the transaction was reached the deposit had to be released to the builder. Here, upon the other hand, the deposits were pooled, with the result that, to quote *Evershed, M.R.*,

> before the builder could demand as of right to have this security, that is to say the deposit, released, the conditions would have to be such that, strictly speaking, all the individual buyers, every single one of them, should have paid to the society an amount of the purchase money under their several purchases equivalent to the total (in respect of each purchase) guaranteed by the builder.

In the meantime, the builder was entitled to interest on the deposits at such a high rate as made it advisable for the society to get rid of the deposits as soon as it was worth while to do so. The company had gone into liquidation on November 28, 1946, and at that time £5,000 was on deposit with the building society; but from July, 1946, onwards, the latter had made it quite plain that the total amount " was there for the builders' asking." The *Cronk* case explains why they did not avail themselves of the chance. There, in substance, the House of Lords had held that similar deposits had either to be valued at the times of the completion of the respective sales or, if valuation were then impossible, to be brought into account when received. Consequently, as the first was impossible, by lumping all the deposits in one pool, going into liquidation, and then obtaining their release after cessation, the whole sum deposited would not appear in any trading account and would escape taxation. The decision of the Court of Appeal was based on a critical examination of the terms of the decision in *Cronk's* case and of the light thrown on that case by discussion in the other cases above mentioned. Fundamentally, the question was whether, failing initial valuation, every transaction involving risk had to be dealt with on a cash basis with no intermediary valuations even where such were practicable; and, as regards this, speaking of the *Cronk* decision, the Master of the Rolls said:

> My own conclusion is that the House did not intend to lay down such a comprehensive and exhaustive rule as would make a striking exception to the general principle, and, indeed, would almost amount to a piece of special, albeit judicial, legislation.

Holding that in *Cronk's* case there was no deliberate departure from ordinary business methods,

> all we have to decide in this case is whether (if the situation is reached when the sums deposited are not in truth released, but are as good as in the hands of the company, being its for the asking), as a matter of principle, of logic and of common sense, the equivalent to a return of the money has, upon the strictest construction of *Cronk's* case, involved the right to tax.

He concluded that it had, unless " a new, singular and I think artificial but exhaustive rule, applicable in these cases only, had been established." Birkett and Romer, L.JJ., gave judgments agreeing with the Master of the Rolls, and, in view of the last's analysis of House of Lords speeches on the subject generally, there was a certain irony in the words of his consent to the case going there:

> Well, their lordships in the House of Lords will have a certain liberty of action in dealing with their lordships' speeches.

STAMP DUTIES

Stamp duty—Duty on the capital of companies—Relief from duty in respect of reconstructions or amalgamations—Acquisitions of shares of companies incorporated in Northern Ireland—Whether exemption available—Stamp Act, 1891, Sections 13, 55, 112, 113—Finance Act, 1895, Section 12—Finance Act, 1927, Section 55—Finance Act, 1930, Section 41.

The Nestle Company, Ltd. *v.* C.I.R. (Ch., May 1, 1952, T.R. 213) arose out of the provisions of Section 55 of the Finance Act, 1927, a provision intended to encourage and facilitate what was called the "rationalisation" of industry. Subject to the provisions of the Section, a company increasing its capital for the purposes of acquiring not less than 90 per cent. of the issued share capital of "any particular existing company" was not to be charged with the capital duty imposed by Section 112 of the Stamp Act, 1891, in respect of the increase. The appellant company had in March, 1951, increased its capital by £3,410,000 in shares of £1 in order to acquire the shares of four companies, of which two had been incorporated in England and two in Northern Ireland. Whilst the Revenue did not dispute that relief under the Section was due in respect of the two English companies, it contended that the words "any particular existing company" were restricted in application to companies incorporated in England, and did not extend to those registered abroad and by the Government of Ireland Act, 1920, Northern Ireland had been constituted a separate country for such purposes. Danckwerts, J., affirmed their decision. The case is of importance in its special field and will need to be studied by the framers of amalgamation, etc., schemes. As, probably, a large sum is involved, the case may, of course, go higher.

SPECIAL CONTRIBUTION

Special Contribution—Annual payment to trustee of charity—Contingent on performance of duties as trustee—Whether remuneration "earned" or "investment" income—Income Tax Act, 1918, Section 14 (3); Schedule D, Case III, Charging Rule 1 (a)—General Rule 19—Finance Act, 1920, Section 33—Finance Act, 1922, Section 18—Finance Act, 1948, Sections 47, 49, 68 (2).

Dale *v.* C.I.R. (C.A. May 21, 1952, T.R. 249) was the subject of a full note in our issue of October, 1951 (page 390). The question was whether the remuneration payable to a trustee of "The Wellcome Foundation," a charitable trust established by the will of the late Sir Henry Wellcome, by virtue of the terms of the will and under an order of the Chancery Division, which was contingent on the performance of onerous services, was "earned" or "investment" income, the answer determining whether or not there was liability to the Special Contribution levied by the Finance Act, 1948, on investment income. The Special Commissioners had held that in view of earlier decisions they were bound to hold that the source of the income was a bequest or gift of the annuity by the testator and that the source was not an office of profit held by Sir Henry Dale. Harman, J., had reversed their decision in view of a decision by Channell, J., in *A. G.* v. *Eyres* (1909, 1 K.B. 723), that a trustee was "the holder of an office," namely that of trustee under the settlement. A unanimous Court of Appeal restored the decision of the Special Commissioners holding that, whilst the trusteeship in question was "an office," it was not "an office of profit." Leave was given to appeal to the Lords.

The essence of the judgments is that by virtue of the definition of "earned income" contained in Section 14 (3) of Income Tax Act, 1918, the income must either arise in respect of "remuneration from any office or employment of profit" or from "property which is attached to or forms part of the emoluments of any office or employment of profit" and inasmuch as it was a settled principle that a trustee "can never derive any profit or advantage for himself out of his trust" the remuneration paid to Sir Henry Dale arose not from the office of trustee but from the bounty of the testator. It would seem possible to hold different views both as to the legal position and as to the practical consequences which their lordships thought would ensue if the Harman decision were upheld; and it remains to be seen what views are taken by the House of Lords. As Romer, L.J., remarked in his judgment, the present position is artificial:

> It may well be that posterity will think that the Courts went too far in holding that remuneration expressly allowed to a trustee for his services should be regarded as wholly bounty.

The Student's Tax Columns

REPAYMENT CLAIMS

THIS MONTH, WE SET OUT SOME SPECIMEN COMPUTATIONS of repayment claims, which, except where commented upon, are self-explanatory. Firstly, however, a few words on "net United Kingdom rate."

Under the rules for giving relief for tax imposed in other territories on income also liable to United Kingdom (U.K.) taxation, a company with such income will have suffered less than the standard rate of U.K. income tax. It will have suffered the full standard rate, however, when the tax in respect of which relief has been given is taken into account, and the rules for deducting tax at source allow it to deduct the standard rate of tax from dividends. But it must state on the dividend voucher the net U.K. rate, i.e. the standard rate of tax less the rate of relief found by dividing the relief by the total income of the company.

Any taxpayer claiming a repayment against a dividend cannot obtain relief at a rate in excess of the net U.K. rate. This is reasonable, as, although the standard rate has been deducted, only the net U.K. rate is in the "till" and we cannot expect the U.K. Treasury to pay out money which has been collected by the other territory.

It must be remembered, however, that reliefs are set off first against the income taxed at the highest rates,

so that it is usually only in cases of small incomes that the net U.K. rate restricts a claim.

Illustration (1) Mrs. X, a widow. 1952-53.

	Income	
Dividends	£1,800	
Defence Bond Interest	30	
	£1,830	
Reliefs : Personal ..	£120	
Child ..	85	
Housekeeper ..	50	
	£255	
Less Untaxed Income	30	
	£225 at 9/6 =	£106 17 6
Reduced Rate	£100 at 6/6 =	32 10 0
	150 „ 4/- =	30 0 0
	150 „ 2/- =	15 0 0
		£184 7 6

Alternative layout : £1,830 Tax deducted £855 0 0
Less Reliefs as above 255
£1,575

£100 at 3/- =	£15 0 0	
150 „ 5/6 =	41 5 0	
150 „ 7/6 =	56 5 0	
1,175 „ 9/6 =	558 2 6	670 12 6
		£184 7 6

The second method is difficult, however, where the reliefs dip into dividends with a net U.K. rate less than the rate of relief claimed, thus :

Illustration (2) 1952-53. Married man over 65 years of age.

Dividends	A.	£100	Net U.K. rate 8/-
	B.	40	„ 4/3
	C.	180	„ 9/6
Pension		104	
		£424	

Income			Age		Personal	6/6	4/-	2/-
Dividend	A.	£100	£22			(*d*) £78		
„	B.	40	9			(*e*) 12	£19	
	C.	180	40	(*b*)	£130	(*c*) 10		
Pension		104	24	(*a*)	80			
			£95		£210	£100	£19	

The letters give the order in which the reliefs are set off. Age relief must be set against each item. The personal relief goes against the pension first, so as to eliminate the income not taxed at source. The next item is the dividend taxed at 9s. 6d., then that at 8s.

The repayment becomes :

		£	s.	d.
Age relief	£22 at 8/-	8	16	0
	9 „ 4/3	1	18	3
	40 „ 9/6	19	0	0
Personal Relief	130 „ 9/6	61	15	0
Reduced Rate	78 „ 6/6	25	7	0
	12 „ 4/3	2	11	0
	10 „ 6/6	3	5	0
	19 „ 4/-	3	16	0
Repayment		£126	8	3

Had it not been for the net U.K. rates, the layout could have been :

	£424	Tax on £320 at 9/6 =	£152 0 0
Reliefs			
Age	£95		
Personal	210	305	
	£119		
£100 at 3/- =	£15 0 0		
19 at 5/6 =	5 4 6		
			20 4 6
			£131 15 6

Restrictions arise as follows because of the difference between the net U.K. rate and the rate of relief.

Age Relief	£22 at 1/6	=	£1 13 0
	9 at 5/3	=	2 7 3
Reduced Rate Relief	£12 at (6/6 — 4/3) 2/3		1 7 0
			£5 7 3

Repayment £131 15 6 — £5 7 3 = £126 8 3

Illustration (3) Widower aged 70, with housekeeper. 1952-53.

	Without Age Relief		Age Relief
	£		£
Pensions	156		
Interest taxed at source	370		
	526		500
Reliefs : earned	£35	£—	
Age	—	112	
Personal	120	120	
Housekeeper	50	50	
	205		282
	£321		£218
£100 at 3/-	£15 0 0	£100 at 3/-	£15 0 0
150 at 5/6	41 5 0	118 at 5/6	32 9 0
71 at 7/6	26 12 6	(£526 — £500) £26 × 5/8ths	16 5 0
Liability	£82 17 6		63 14 0
Tax deducted at source £370 at 9/6			175 15 0
Tax repayable			£112 1 0

Made up of :

Reliefs	£282	
Less Untaxed	156	
	£126 at 9/6 =	£59 17 0
£100 at 6/6		32 10 0
118 at 4/-		23 12 0
		115 19 0
Less (12/6—9/6=3/-) £26 at 3/-		3 18 0
		£112 1 0

Since $\frac{5}{8}$ is 12s. 6d. in the £, an additional 3s. in the £ is payable on the excess of the total income over £500. In the first calculation, no tax has been taken into account on the £26; in the second, 9s. 6d. in the £ has already been taken into account.

The Month in the City

Gilt-Edged Optimism

THE RETURN OF CONFIDENCE, WHICH LAST month produced a rise in the value of almost all sections of stock and shares, continued in the first half of September with, if anything, added force. Certainly more had been achieved in a fortnight in fixed interest securities, and particularly in the Funds, than in the whole of the preceding month, while the position of industrial equities was almost equally strong. The one adverse feature was a fall in gold mines on the growing conviction, subsequently confirmed by the head of the United States Treasury, that there is no present intention of raising the buying price of the metal. Mr. Havenga, in an excellent speech on the general position at Mexico City, strongly urged action, but it was by this time a foregone conclusion that nothing could be expected in the visible future. It has to be admitted that a dispassionate review of developments and of the existing condition of this country scarcely justifies optimism, except possibly on the supposition that the existing inflationary pressure is to continue. There are, of course, a number of favourable factors all of which are welcome but, as both Mr. Butler and later Mr. Churchill have made clear, they add up to no more than relief from immediate crisis and promise no tolerable solution of our difficulties. It is possible to record, on the credit side, continuing increases in the production of steel and coal as against the position a year before and also some rise in the demand for rayon and for shipping freight, with some rise in rates in the latter case. Against this, however, is the probability that, even without the rise in miners' wages which now seems probable, present coal prices fail to cover costs.

A Sharp Reverse

If one asks, however, how the grand strategy of the Conservative Government is working out towards its objective of stability and ultimate convertibility for the pound, the answer is definitely discouraging. The gold and dollar reserve suffered a fresh reverse in August and, while this was due solely to the heavy E.P.U. deficit for July, which had been almost eliminated in August, there seems to be no guarantee that the direct dollar deficit will not have been swollen in September by the implementation of the dollar arbitage permits. Equally, the level of exports in August was disappointing and, while there were special factors at work, it remains true that British prices are relatively high and delivery dates too long in many cases. A fresh threat to exports is contained in both the rise in coal costs and the outcome of labour discussions on wage rates. It is true that at Margate the T.U.C. voted heavily for moderation. But this was immediately followed by a decision of the giant confederation of engineering and other workers to ban overtime and restrict piecework. The Government immediately intervened, but the result will almost certainly be a larger rise in rates than the employers were prepared to grant without pressure, and only moderate rises can be afforded. The trouble is, of course, that the employers will have the money to pay higher rates now but will run risks of losing export orders. They have these funds because, although the policy of restricting credit to the private sector continues to work, the whole of this is undone by Government spending of money borrowed from the banks on Treasury bills. The size of this demand has been slightly curtailed of late by larger sales of both the new Defence Bonds and the higher rate Tax Reserve Certificates, but the difference is not yet large and the raising of the bill rate at the weekly tender has no discouraging effect on departments. The warning which would seem to be implicit in the rise in the bill rate, slight as it is, had no effect on longer dated stocks until the third week in the month. Then, slight weakness in the funds was followed by a fall of unprecedented severity lasting three days, which then gave way to a rally. Other sections were less affected. Before the reverse, virtually the whole effect of the rise from 2½ to 4 per cent. in Bank Rate had been eliminated. The fall was caused by fear of a large-scale issue of long- or medium-dated funding stock and the rally reflects the belief that, however desirable, no such action will be taken: Between August 20 and September 25 the indices of the *Financial Times* showed the following changes: Government securities from 93·02 to 93·05, fixed interest from 103·18 to 104·35, industrial equities from 112·9 to 113·2 and gold mines from 97·95 to 92·68.

Japanese Debt Talks

The German debt settlement, on the whole favourable to most classes of creditor, was only reached after the British Government had decided to relieve the representatives of the British creditors of the task of securing the full implementation of the clauses which placed Germany under an obligation to pay in hard currencies. It is, perhaps, not surprising, after this precedent, that the Japanese debt talks got bogged down on the same point, with the result that the Treasury has given a similar relief to British representatives in this case. It must be understood that this leaves them free to negotiate for the fulfilment of all contractual obligations but leaves the question of the currency in which agreed payments are to be made to be settled later with the Government. There is here a clear conflict of interest between Treasury and bondholders which is not resolved by this expedient. The Japanese have, and can probably continue to earn, large amounts of sterling, whereas their dollar position is, and is likely to remain, difficult. However, there would seem now to be a clear field for negotiation and while the debtor is not, at least as yet, prepared to admit all the British demands on the currency clauses it is only on those which insist on basing the payment on the rate of exchange least favourable to him at the due date—not on current rates—on which he is standing out. The market seems to expect a fairly early settlement but fears a temporary relapse in prices when speculators get out, as much of the investment demand has been satisfied at lower quotations. However, granted a fair settlement, the outlook for these bonds as an investment medium is likely to improve.

Persian Oil

A large part of the month has been occupied by discussion on what may be expected to emerge from the further offer to the Persian Government for a settlement with regard to the Anglo-Iranian Oil Company's rights. The position remains complex and the outcome uncertain. Some relief to the finances of Persia seems necessary, but the opposition to any A.I.O.C. participation is as strong as ever and there is not as yet any sign that the present régime is prepared to put the material welfare of the country, or even its continued independence from Russian influence, ahead of policies which must make it vitually impossible to secure agreement with the Western Powers. —

Points from Published Accounts

John Shaw & Sons

IT IS A PLEASURE TO THANK THE SECRETARY OF *John Shaw & Sons, Wolverhampton*, for a copy of his company's latest accounts. The previous accounts were mildly criticised in the December, 1951, issue of ACCOUNTANCY, on the grounds that the full flavour of the profits showing had, as it were, been lost through unconsolidating the subsidiaries' figures. Our remarks have been taken to heart, for the group "net profit" shown in the latest consolidated profit and loss account is precisely the group net profit. The company has plumped for orthodoxy in showing the transfer to "reserve for future depreciation of fixed assets" as a below the line item. Incidentally, this transfer exceeds the annual depreciation provision. The accounts are a useful model for the student of company accounts presentation.

Panel Deductions

The consolidated profit and loss account of *British Plaster Board* includes a large panel which consists of items charged before striking the trading profit. These are depreciation, auditors' remuneration and directors' emoluments. The only criticism of this method of presentation is that the shareholder has to work out for himself the prime trading surplus of the two years. It would have been preferable to place exceptional items in the panel instead, as has been suggested before now in these notes.

The company brings to credit profit on sale of capital assets and taxation over-provided in prior years, before striking a consolidated profits balance carried to the consolidated appropriation account. This shows dividends on the Preference and Ordinary capital in a lump sum, and only in the parent's appropriation account are the dividends detailed. Even then the half-yearly Preference and interim Ordinary dividends are separated from the final payments by two reserve appropriations. The practice of letting the consolidated appropriation account tell the whole story would seem to be preferable. Again, there are no comparative percentage figures for the interim and final payments.

Broadcast Relay's True Profits

In an article under the above title the *Investors' Chronicle* states:

> It really is about time that the shareholders of *Broadcast Relay Service* were let into the secret of what provisions are included each year in the appropriation to general contingencies reserve. It is quite impossible without this knowledge to assess the vital earnings position or to see whether the vastly increased business is productive so far as shareholders are concerned.

The journal's difficulty regarding the general contingencies reserve appropriation is that its very size, considerably above the total of the recorded net profits, must make it impossible to ignore it or even to regard its treatment, whether as a provision or as a reserve, as of academic interest only. Over the three years to March 31 last the trading profits had practically doubled, but net profits have increased by less than 25 per cent. The journal finds it

> hard to believe that such Herculean labours are producing so little in the form of net revenue, which is the logical deduction if the appropriation to contingencies reserve is taken, as the accounts apparently mean it to be taken, as being wholly a provision.

Profits Tax on Dividends

London County Freehold and Leasehold Properties strikes a net revenue balance before deducting the profits tax attributable to net dividends. This is shown as a separate appropriation, which is unusual. But the justification is given in the directors' report, which states in the opening paragraph:

> Profits tax is payable upon the profits for the year subject to an abatement in respect of profits not distributed. In fact, that means the liability for the full rate of tax can only be ascertained after the dividends have been declared. Also, if dividends are varied in any year, the revenue balance, if shown after charging the tax on dividends, cannot be conveniently compared with previous years. Accordingly in the revenue account profits tax is divided appropriately.

For those who prefer the more conventional method of presentation there is a note in a pane lwhich shows the net revenue after charging income tax and the whole of the profits tax and the revised aggregate of these two items.

Stock, Profits and Losses

Textiles is the outstanding instance of an industry savagely hit by stock losses. The amount of these losses is not disclosed by every company, but some are informative on the point. Some even go further and show, as a separate item in the accounts, the provision against future losses.

In another industrial field, *Murex* shows a modest decline in its trading surplus, but the chairman points out that fortuitous stock profits, which are included in the trading surplus, fell even more sharply, so that in fact the profits from normal trading were greater.

As it becomes increasingly realised how considerably profits and losses on stock can influence the earnings picture, opinion will no doubt harden in favour of divulging the stock position in the profit and loss account.

Incomparability

The report of *Amalgamated Dental* states that the accounts of the German subsidiary have for the first time been consolidated, and that a company was incorporated in Australia to conduct the parent company's business in that territory. Says the report: "To this extent the balance sheets and accounts for 1950 are not comparable." There is no effort to make a comparison for shareholders, and while the amounts involved are probably insignificant by comparative standards it would have been useful for shareholders to know to what extent, if any, the consolidation has affected the showing of the group trading profits.

On a larger scale, the results of new ventures or amalgamations are usually shielded from shareholders, who cannot possibly find out if an amalgamation has proved to their financial advantage.

Illuminated Accounts

The accounts of *N. V. Philips' Gloeilampenfabrieken* (in English, Philips' Incandescent Lamp Works Company, though we prefer the musical Dutch) have been highly praised by the *Financial Times*. The paper states that the company has gone much farther than any in this country in its replacement value methods of presentation. In the balance sheet the fixed assets are shown at replacement value, from which the accumulated depreciation is deducted. Stocks also are given at replacement value, "which is under constant adjustment in accordance with price fluctuations" and they are subdivided into (*a*) raw materials with semi-manufactured goods and (*b*) finished products.

The surplus arising from the revaluation of assets is given a separate compartment in the aggregate of reserves, under the heading "reserve arising from revaluation," and this is split into three sections—one relating to fixed assets, one to stocks and one to subsidiaries.

In the profit and loss account depreciation of fixed assets, raw material consumption and other cost-price elements in the turnover are calculated on the basis of replacement cost. Transfers are made to the "trade cycle equalisation reserve."

Readers' Points and Queries

Cessation

Reader's Query.—A limited company makes up its accounts to April 30 each year and ceased trading in August, 1952. The following results and assessments have been agreed :

Year ended		Assessment	Losses c/fd.
	£		£
—	—	1950/51 Nil	33
30/4/1950 Loss	342	1951/52 Nil	375
30/4/1951 Loss	18	1952/53 Nil	393
30/4/1952 Profit	254	1953/54 Nil	139

The assessment for the final year 1952-53 will, of course, be actual and that for the penultimate year 1951-52 will be increased from nil to £231, i.e. eleven-twelfths of £253—one-twelfth of £18.

What loss is available against the assessments for the penultimate and final years?

Reply.—*£375+11/12 of £18=£391. The other twelfth of £18 has been relieved by reducing the profit in the assessment for 1951-52—compare the decision in* C.I.R.*v.* Scott Adamson *(1932, 17 T.C. 679).*

Dissolution of Partnership

Reader's Query.—A local inspector has raised an interesting partnership point, on which I should be glad of your observations.

"A" and "B" are in partnership which is dissolved upon "C" joining "A," and "B" going out. No notice of cessation is given and continuity applies. "C's" share of the partnership profit is calculated on the basis of the preceeding year. Each partner is entitled to charge against his share of the partnership profit his competent personal expenses, but the inspector seeks to disallow "C's" personal expenses for the first year of his partnership with "A," on the grounds that the assessment is on the preceding year basis, and "C" was not then a partner.

Reply.—We agree with the inspector; but "B's" expenses to the date of his leaving the partnership should be charged! It is the expenditure of the period of accounts that must be brought in, irrespective of whether the same persons are partners when those accounts form the basis of assessment.

Commercial Rents

Reader's Query.—We should be grateful if you could give us guidance on the question of "commercial rents" in relation to a profits rentals case which we have on hand at present.

Our client sublets two-thirds of his private house for what is really a most reasonable inclusive rent. The purpose of the subletting is to have the house occupied during his long absences by trustworthy tenants. The subletting was not done so as to give rise to any "losses" but purely to suit our client's convenience.

The Inspector of Taxes dealing with this case, though agreeing that the income from the sub-tenants is taxable, is seeking to disallow the losses which have been incurred during the past few years, which arose after the outgoings had been deducted from the rents received. He has stated that in his opinion the rents concerned are not "commercial."

At present we are unable to trace any tax cases on this point and it would appear that the Board of Inland Revenue have not issued any written instructions to the various tax districts.

Reply.—So long as there is no other consideration than the rent, we think the Inspector is wrong. The loss would be available under Section 27, Finance Act, 1927 (now Section 346, Income Tax Act, 1952), for set-off or carry-forward against any Case VI assessments, but not outside Case VI. Reference may be made to Barron *v.* Littman, *House of Lords, July 31, 1952, reported in [1952] Tax Reports 363.*

Receipts on Cheques

Reader's Query.—What is the value, from an audit point of view, of receipts given upon the backs of cheques? A firm of builders found it difficult to obtain receipts from their sub-contractors but by asking for a receipt on the back of the cheque they were able to obtain evidence of payment. But since nothing is shown on the back of the cheques about the nature of the transactions, what is the validity of these receipts from an audit standpoint?

Further, does the receipt on the back of the cheque render the cheque conditional?

Reply.—Receipts on the back of cheques are less satisfactory than normal receipts, for the reason mentioned in the question. Convenience to the clients may, however, be enough to make the procedure inescapable. But a more detailed test than usual of subsidiary evidence, for example, invoice files, may then be necessary.

The reverse of the cheque often has a note that the receipt operates also as the endorsement of the cheque and is the only acknowledgment required. Under the Bills of Exchange Act, 1882, a cheque must be an unconditional order in writing: an instrument of this type, where the order to pay is conditional upon completion of the receipt, is therefore not strictly a cheque. The legal position of the paying banker is doubtful, though some protection may be given by Section 17 of the Revenue Act, 1883. In practice, bankers customarily require customers to give an indemnity.

Letter to the Editor

Late Tax Appeals

SIR,—Helpful as Mr. Bostock-Smith's notes were (ACCOUNTANCY, September, page 307), I was surprised that he had not approached the question of late tax appeals from an entirely different angle, namely, that the legislation on this subject is most disgraceful and ought to be removed at the earliest possible date.

Three hundred years ago there was what was known as a "bill of attainder." This meant that if a subject could not be found guilty by a Court trial, he was punished just the same. We look back on those days with something approaching contempt and congratulate ourselves that such things cannot happen today—until we find that if an assessment is not appealed against in 21 days the "attainder" is attached and it becomes a liquidated debt due to the Crown. There is also still more antiquated legislation by which the Collector need not prove that the debt is a true debt or, as any creditor has to do when he takes his claim to Court, that the debtor has the means to pay. The Collector merely gets a magistrate to sign a distress warrant and away he goes to collect cash or goods!

Under income tax law the Commissioners are supposed to make assessments according to the best of their judgment and any information before them, but it is only too clear that, by reason of neglect in a previous year, the figure is advanced for no other reason than to make the taxpayer "squeal."

It must also be remembered that the Commissioners are not bound by the 21 days limit if they make an under-assessment, but can go back six years. Why not give the taxpayer what political candidates always promise at election time—a fair deal?

Yours faithfully,

CYRIL N. ROWE, F.S.A.A.

Worcester,
September 8, 1952.

Publications

THE STERLING AREA—An American Analysis. By the Economic Co-operation Administration Special Mission to the United Kingdom. (*U.S. Government Printing Office, Washington. Price $3. Her Majesty's Stationery Office, London. Price £1 1s. net.*)

The most comprehensive and documented study of the economies of the sterling area countries that has yet appeared is, rather ironically, written by the E.C.A. Mission to the United Kingdom, an American body. In a sumptuously produced volume of 672 pages, information on the sterling area is collated from scattered sources for the period from the end of 1945 to the middle of 1950. There is, to be sure, an American " slant " throughout the book: not only is this to be expected in a survey which sets out to provide material " of special interest to people in the United States," but one of the most pressing problems of the times is how the dollar area and the sterling area can achieve a harmonious and progressive relationship with each other.

The volume is in three books. The first is a description of the sterling area and its composite economy, in which the inter-connections with the U.S.A. and Canada and the post-war development of the area are discussed with a formidable array of statistical and diagrammatic backing (some of the coloured diagrams in this and other parts of the work are models of their kind).

In the second book, the economies of the member countries of the sterling area are minutely surveyed. A mere enumeration of the headings of the main sections in the chapter of 53 pages devoted to the United Kingdom will illustrate the thoroughness of the study. They are: (1) Sources of Britain's total real income; (2) Uses made of current resources in the United Kingdom; (3) Britain's social welfare program; (4) Control of inflation; (5) The balance of payments; (6) Britain's external capital position. This one chapter contains 19 charts, most of them coloured, and 29 statistical tables.

Book three contains studies of the main commodities in sterling area trade, in thirteen groups.

The work is an encyclopædic reference book on the sterling area countries of lasting value, despite its not covering the past-Korean period. It says little about the technical operation of the sterling monetary system and, apparently to avoid any expression of opinion from America, hardly anything that directly bears upon its viability or probable development.

The Sterling Area is obtainable from Her Majesty's Stationery Office at £1 1s. At this price the book must be by far the cheapest on the British market: no doubt some " mutual aid " dollars have been used in the laudable desire to give the British the facts about the economies of the world-wide area centred on London. L. T. L.

WAGES RECORDS OF LOCAL AUTHORITIES AND PUBLIC BOARDS. By the Institute of Municipal Treasurers and Accountants. (*Published by the Institute, London. Price 20s. net.*)

This is the latest of the series of research studies on everyday problems of local government and public board finance, sponsored by the Research Committee of the Institute of Municipal Treasurers and Accountants. The book is founded on replies by the financial officers of 109 local authorities and public boards, to a questionnaire sent out by the Institute in 1950. Although wages records and accounts are an important part of the work of all finance departments, particularly since the introduction of P.A.Y.E., this subject has not previously been adequately investigated. The aim of the study group was to examine the practice of a large sample of local authorities and public boards, to describe what they regarded as good practice and to make recommendations.

The main aspects of wages records and accounting, from the recording of time worked to the payment of the wages to an employee, are considered. Separate chapters are given to the manual, accounting machine and punched card wages systems. Systems of pay-roll preparation, so far as they seem to the study group worthy of record, are described in detail. One system of mechanisation is minutely examined in order to show how the machines may be used and to survey the main variations in practice. The research group are not biassed towards either manual or machine methods and do not hesitate to recommend manual methods for certain operations.

Further chapters deal with National Insurance contributions; internal audit; payment of wages; and bonus schemes.

It is doubtful if any chief financial officer reading this book would fail to find a suggestion for improving his system. For those considering the mechanisation of their wages accounting it is invaluable.

A. H. M.

INTRODUCTION TO GROUP ACCOUNTS — A MANUAL ON THE MECHANICS OF CONSOLIDATION FOR EXAMINATION STUDENTS. By B. D. J. Bogie, PH.D., C.A. (*Jordan & Sons, Ltd., London. Price 21s. net.*)

Accountancy students are almost unanimous in their apprehension at the appearance in an examination paper of questions requiring the preparation of consolidated accounts. They will give a warm welcome to a work in which the author's aim is to explain, for their particular benefit, a method of procedure designed to simplify the mechanics of consolidation.

Not that any particular difficulty is usually experienced in understanding the principles of consolidated accounts. What troubles students, who have such limited time at their disposal in an examination, is where to start and how best to proceed. Dr. Bogie suggests that for the purpose of preparing a consolidated balance sheet the individual balance sheets of the parent company and each subsidiary should first be adjusted to a standardised form. The adjusted balance sheets should then be aggregated, after which the consolidated balance sheet can be prepared from the aggregation. Numerous examples are given, dealing with the various adjustments to be made, and illustrating the order and effect of the steps to be taken. Separate chapters are devoted to the fully-owned subsidiary, the partly-owned subsidiary, and the group where there are two or more subsidiaries and sub-subsidiaries.

The final chapter deals with the consolidated profit and loss account. Each stage of the procedure is explained in concise and simple language, and the copious illustrations are clearly set out and easy to follow. Very wisely, the author relegates to an appendix the detailed provisions of the Companies Act, 1948, relating to the accounts of holding companies, only their purport being referred to, as briefly as possible, in the text.

While recognising that the book claims to deal merely with the mechanics of consolidation, one feels that some little space

might usefully have been devoted to the circumstances in which group accounts may be dispensed with—in particular, to the form and contents of the directors' statement on profits and losses of subsidiaries, which in these circumstances must be appended to the holding company's balance sheet.

At the end of the last chapter there is a brief reference to the provisions of the Act, now almost universally applied, whereby a holding company may in effect dispense with the publication of its own profit and loss account, provided it publishes a consolidated profit and loss account showing how much of the consolidated profit or loss for the financial year is dealt with in the accounts of the holding company. This section might usefully have been amplified and more fully illustrated, but in a work of this scope the line must certainly be drawn somewhat severely.

In the preface Dr. Bogie admits that his treatment is controversial on some issues. An instance is the suggested treatment of a subsidiary's future income tax reserve. It is recommended that such a reserve which existed at the date of acquisition should be regarded as part of the pre-acquisition reserves of the subsidiary and, presumably, deducted from the cost of the shares in arriving at the net cost of control, but it is not clearly explained that this will entail the reinstatement of the amount out of post-acquisition reserves when in a subsequent year it becomes a current liability of the subsidiary. Neither is it clear why, when this item is regarded and treated as a reserve and not a provision, it should be suggested that the minority interests are not to be credited with any part of it. There is inconsistency here. Possibly the simplest and most realistic procedure is to treat the item as a provision, in spite of legal *dicta*. After all, very few companies now group it with the other reserves in arriving at the total amount of the shareholders' equity.

But such minor and unsettled questions apart, this book will undoubtedly be of the greatest assistance not only to students, but to all who desire to extend their understanding and mastery of this intricate subject.

A. E. L.

GARAGE ACCOUNTING AND ADMINISTRATION. By E. V. Harber. (*Gee & Co. (Publishers), Ltd., London. Price 21s. net.*)

This book is one of the most comprehensive that has been written for the benefit of the motor trade. It skilfully covers, chapter by chapter, each of the many trying problems encountered in operating a garage. The author writes in readily understood non-technical terms, and the work is smooth and fast in the reading, like the running of a properly oiled and high-quality motor.

One of the main problems of a retail motor business is to avoid misunderstanding and intolerance between the accountancy staff and the workshops staff. The former tend to create too much paper work for workshop foremen, in their anxiety to have accounts made up quickly and accurately and to avoid any possibility of leakage. Mr. Harber gives us a comprehensive system of accounting well calculated to prevent this friction between the two staffs.

Numerous illustrations of completed forms ranging from the sale of one gallon of petrol and the withdrawal of a few split pins from the stores, to the completion of a car transaction, reveal that the author has a complete knowledge of the trade. He even deals expertly with the ever-exhausting problem of keeping the customer "sweet."

Now that competition is rapidly coming back into the trade and the motorist is looking with alarm at his annual maintenance costs, the garage that gives service and civility at the lowest cost, will get the customers. Mr. Harber shows both the big and the little men in the trade how to provide this service.

The advice and instruction in this book could be used to advantage by every retail motor trader in the country. E. S. L.

GUIDE TO GOVERNMENT ORDERS at December 31, 1951. (*Her Majesty's Stationery Office. Price £4 4s. net.*).

This is the former *Index to Statutary Rules and Orders* and *Statutary Instruments in Force* brought up-to-date and enlarged. It now contains a detailed statement of the powers under which each Order is made, particulars of the Orders, and a Table of Statutes. The term *Guide* is now more apt than "index" as a description of the volume, which is comprehensive, except that the emergency legislation (including the Defence Regulations) are excluded from its scope.

The statements of the powers are classified under subject headings, particulars being given of the principal enactment under which each power was conferred and of each subsequent enactment which has amplified or modified it. Immediately following these particulars is a list of the short titles and volume and page references of all Instruments, made in exercise of the power, which were in operation at December 31, 1951, or, where appropriate, a statement that the power had not been exercised. As an example, under "Income Tax 3. Procedure for assessment, recovery, relief claims, etc. (*b*) Employment, Offices and Pensions," we find the following entry:

Power

1943. Commrs. to make regs. for assessment, charge, collection and recovery of tax in respect of all emoluments assessable under Schedule E, other than pay or pensions of armed forces: tax to be deducted or repaid by person making payment of emolument by reference to the tax tables; production of wages sheets, etc.; provision for appeals: regs. to be laid before House of Commons and be subject to annulment.

6-7 G.6. c. 45. SS. 2, 4
7-8 G.6. c. 12. SS. 1, 3
7-10 G.6. c. 64. S. 30 (4)

Exercise

1950, March 25. Income Tax (Employments) Regs. 1950 . . . 1950 (No. 453) I.p 1069.
1951, May 9. Income Tax (Employments) (No. 2) Regs., 1951 . . . 1951, No. 836.

Where, as with the first of these two examples, the Instrument has appeared in one of the collated volumes of Statutary Rules and Orders or Statutary Instruments, the page is quoted, thus providing a ready reference to the Regulations themselves.

It may well be deplored that this mammoth volume, approaching 1,300 pages thick, is necessary simply in order to record the titles of the thousands of pieces of delegated legislation in Great Britain, and the authority under which they have been issued. But since this vast collection of subordinate legislation exists, it is of inestimable value to be able to find one's way about in it, by means of this well-planned and clearly printed *Guide*. L. T. L.

PRINCIPLES OF AUDITING WITH TYPICAL QUESTIONS AND ANSWERS. By E. Miles Taylor, F.C.A., F.S.A.A., and C. E. Perry, F.C.A., F.S.A.A. Twelfth Edition. (*Textbooks, Ltd., and the British College of Accountancy, Ltd. Price 1s. net.*)

This book, which is intended exclusively for the examinee, imparts most of its information in the form of answers to 101 typical examination questions, grouped under such headings as "internal check," "vouching," "divisible profits" and so on. The advantage of this form of presentation is that it provides the examinee with complete answers to a range of questions, some of which are likely at some time to be asked again in an examination and all of which should give him the "feel" of the questions he will be required to answer. Its disadvantages are obvious. But they can be overcome, at least to some extent, by a careful selection of the questions, a full table of contents and a detailed index, and the authors of this text are to be congratulated on meeting these requirements.

Accountancy tutors have to provide most of the technical education of the student. It is unfortunate that the student demands concentration upon what will be of direct assistance in enabling him to pass the examinations, so that his education is narrowed. Necessarily, a work such as that under review, being designed specifically to

meet, the students' examination requirements, says nothing new, but, judged by reference to the limited objective which it sets itself, is handsomely successful. R. A.

CORPORATE TRUSTEES. By D. R. Marsh. (*Europa Publications, Ltd., London. Price 25s. net.*)

To say that this book is a store of information, relevant and irrelevant; a mixture of accurate and inaccurate scholarship, of graphic writing and faulty syntax is to leave out the spice. For Mr. Marsh appears to delight in pouring scorn on solicitors and in referring to the breaches of trust which have been on occasion committed by the members of an honourable profession. No doubt corporate trustees have expert staffs and many advantages over the private trustee: Mr. Marsh would suggest, though that is much too mild a word to be consonant with the general tone of this book, that they have a decisive superiority over the professional trustee. It is an old saying that good wine needs no bush, and though it is no fault of the corporate trustees that they have scarcely attained a vintage age, it is to be expected that they are sufficiently old and sufficiently well brought up to feel a little embarrassed by the bad manners of a book of this kind.

Perhaps in spite of his quotation from Virgil (no reference), his reference to Greek mythology (inaccurate), his citation of the 1842 edition of Lewin and the 1926 edition of Underhill, his references to Herbert Spencer, Walter Bagehot and the "Freudian Schematism"—perhaps in spite of all this panoply the work is "not entirely" (as the author modestly confesses in his Preface) "a work of scholarship." C. L. L.

COMPANIES LIMITED BY GUARANTEE AND UNLIMITED COMPANIES. By J. W. Mayo, Solicitor. Oyez Practice Notes No. 28. (*Solicitors' Law Stationery Society, Ltd. Price 7s. 6d. net.*)

The form of organisation known as a guarantee company is useful especially for bodies which, while not trading in the ordinary sense, desire to hold investments in their own name and to have the other benefits associated with incorporation. These commonly include sports clubs, learned societies, charities and educational bodies. During the year 1950, out of the 13,906 companies registered 160, or rather more than 1 per cent. of the total, were guarantee companies registered without share capital.

Much of the Companies Act, 1948, applies exclusively to companies limited by shares, and much more of the Act applies primarily to such bodies. This handbook, which contains in a handy form that part of the law which relates specifically to guarantee and unlimited companies, is therefore to be welcomed.

The book, consisting of 56 pages, is intended mainly for the legal profession. It is concerned with the advantages to be obtained by incorporation and the peculiarities of the guarantee and unlimited companies. It contains, in addition to a consideration of statutory aspects, proforma memorandum and articles of association for such companies and an outline of the procedure of their formation. Appendices A to F give further specimens and notes, with an outline of the procedure in cases of application for a licence to dispense with the word "limited" in the name of the company. It will be known that this is granted to those companies which the Board of Trade is satisfied are formed for the promotion of science, art, charity or any other useful object and which intend to apply their profits or other income to promoting their objects, prohibiting distribution to the members. This privilege is somewhat jealously conferred: from the report of the Registrar for 1950 it appears that approximately one third of applications in the year were refused.

The author emphasises that in the formation of guarantee companies for charitable purposes, for which exemption from income tax is to be sought, especial care should be taken in drafting the memorandum. He recommends that the memorandum and articles be submitted in draft to the Inspector of Taxes, who will usually indicate whether or not the body would be recognised as a charity for tax purposes.

The great majority of companies limited by guarantee are formed without share capital. As the author points out, only exceptionally would one consider forming a company limited by guarantee and having a share capital, in preference to a company limited by shares. Nevertheless, it is possible in accordance with the present views of the Registrar for a guarantee company without share capital to achieve the status of an exempt private company so long as the appropriate provisions are included in its articles and the appropriate conditions fulfilled.

The number of companies incorporated during 1950 with unlimited liability was 21. The advantage of forming an unlimited company as compared with a partnership would seem in general to be small. But as the author says, an unlimited company is subjected to taxation on the same basis as an ordinary company, its profits being subject to income tax, profits tax and Excess Profits Levy, but normally not to sur-tax.

The book is a useful one for accountants and others who are concerned in any way with guarantee and unlimited companies. A companion guide on the requirements regarding accounts and the registers to be maintained by these companies would be very useful, particularly since a number of the bodies which are incorporated in this way are not primarily business concerns and these are often administered by part-time officials whose main interest is in the educational or charitable work of the organisation. R. R. C.

THE INCOME TAX ACT, 1952, and Finance Acts, so far as they relate to income tax. (*Her Majesty's Stationery Office. Price £2 2s. net. In binders £2 12s. 6d. net.*) *Reviewed on page 342.*

FARMERS' INCOME TAX. Compiled by the Inland Revenue in collaboration with the Ministry of Agriculture and Fisheries and the Department of Agriculture for Scotland. (*Her Majesty's Stationery Office. Price 1s. net.*) *Reviewed on page 341.*

BOOKS RECEIVED

THE ACCOUNTS OF EXECUTORS, ADMINISTRATORS AND TRUSTEES. By W. B. Phillips, F.C.A., A.C.I.S. Tenth edition by V. S. Hockley, B.COM., C.A., A.A.C.C.A. (*Sir Isaac Pitman & Sons, Ltd. Price 10s. net.*)

THE LAW OF INCOME TAX. By E. M. Konstam, Q.C. Twelfth edition. (*Sweet and Maxwell, Ltd., and Stevens & Sons, Ltd. Price £4 10s. net.*)

"CURRENT LAW" INCOME TAX ACTS SERVICE (CLITAS). Releases 3, 4 and 5. (*Sweet & Maxwell, Ltd.*)

DERBYSHIRE COUNTY COUNCIL: LOCAL GOVERNMENT FINANCE in the Administrative County, 1952-53. (*New County Offices, St. Mary's Gate, Derby.*)

THE LAW RELATING TO MONEYLENDERS. Fourth edition by the Rt. Hon. Lord Meston. (*Solicitors' Law Stationery Society, Ltd. Price £3 10s. net.*)

Study Meetings on Mechanised Accounting

A series of study meetings on mechanised accounting is to start this month in London, under the auspices of the *National Cash Register Co., Ltd.* The meetings are arranged specially for professional accountants. A typical series of meetings covers the subjects: "Introduction to Mechanised Accounting," "Mechanised Accounting in Industry," "The Professional Accountant and Mechanisation," and "The Auditor and Mechanisation."

The meetings will be held at 206-216, Marylebone Road, London, N.W. 1, and will commence at 6.15 p.m. Admission will be by personal invitation. Readers who are interested are invited to write to The Accountant Liaison Service of the National Cash Register Co., Ltd. at the Marylebone Road address.

Legal Notes

Company Law—Costs in Winding-up.

By Rule 163 of the Companies (Winding-up) Rules, 1949:

> no member of a committee of inspection shall, except under and with the sanction of the Court, directly or indirectly, by himself, or any employer, partner, clerk, agent or servant, be entitled to derive any profit from any transaction arising out of the winding-up or to receive out of the assets any payment for services rendered by him in connection with the administration of the assets, or for any goods supplied by him to the liquidator for or on account of the company.

In **re F. T. Hawkins & Co. Ltd.** (1952, 2 A.E.R. 467), the clerk to a firm of solicitors was appointed a member of the committee of inspection and by a resolution of the committee of inspection the firm were appointed solicitors to the liquidator. When taxing the liquidator's costs the Taxing Master referred to Rule 163 and disallowed all the profit charges of the firm.

The liquidator applied to the Judge for the taxation to be reviewed but Wynn-Parry, J., dismissed the application. He acquitted all the parties concerned of any lack of good faith, but he said that a practice of this kind must result in a conflict between interest and duty and he would construe the rule as strictly as possible against the liquidator. In his view the words " by any employer " meant " in the person of any employer " and therefore the rule was satisfied if through the activities of the member of the committee in question his employers made a profit.

Company Law—Right of Crown to Bona Vacantia.

In our issue for September 1952 (page 295) a Professional Note commented on a case, then unreported, in which a winding-up order had been made for a company that had previously been dissolved and the order contained a proviso that it was made without prejudice to the claim of the Crown to any of the assets of the company that might have become *bona vacantia*. The case has now been reported as **re Banque Industrielle de Moscou** (1952, 2 A.E.R. 532), but no further comment is necessary.

Executorship Law and Trusts—Position of Signature on Will

By Section 1 of the Wills Act Amendment Act, 1852, the signature of a will is good if it is " so placed at or after or following or beside or opposite to the end of the will that it shall be apparent on the face of the will that the testator intended to give effect by such his signature to the writing signed as his will." The Courts have been inclined to interpret these requirements liberally and to admit to probate wills signed in unusual places provided that it was apparent on the face of the document that the testator intended to give effect by his signature to the document as a whole. However, in the case **in the Estate of Harris** (1952, W.N. 395), Willmer, J., following an earlier decision of the Court of Appeal, declined to admit to probate a document signed in the top right hand corner.

Executorship Law and Trusts—Revival of Will.

By Section 22 of the Wills Act, 1837:

> no will or codicil, or any part thereof, which shall be in any manner revoked, shall be revived otherwise than by the re-execution thereof or by a codicil executed in manner hereinbefore required, and showing an intention to revive the same.

In the case **In the Estate of Davis** (1952, 2 A.E.R. 509), D. made a will in 1931 in favour of H. Shortly afterwards he married H. and the marriage, of course, revoked the will. D. kept the will in an envelope and in 1943 he wrote on the envelope: " The herein named H. is now my lawful wedded wife," and this writing was duly signed by D. and attested by two witnesses. The writing was plainly a codicil and the question was whether on its face it showed an intention to revive the will. Willmer, J., held that it did show this intention; the writing was obviously intended to produce some effect and unless it revived the will, what effect could it possibly produce? His Lordship also admitted and took into account that shortly before the execution of the codicil D. had been told by H.'s sister that the marriage had revoked the will. He therefore admitted both the codicil and the will to probate.

Executorship Law and Trusts—Remuneration of Auctioneers.

When during the administration of an estate property is ordered by the Court to be sold by auction, the remuneration of the auctioneers is such sum as may be allowed by the Master or, on appeal, by the Judge. For sales up to £25,000 a scale of fees is prescribed and unless any of the parties interested in the estate wishes to contend that, for some special reason, the auctioneers' remuneration should be less than the scale fee, there is no object in the auctioneers attending before the Master when their fee is fixed. For sales over £25,000 no scale is prescribed.

In **re Wolfe, deceased** (1952, 2 A.E.R. 545), the Court had ordered certain property to be sold by auction and after two abortive auctions and much negotiation a sale was eventually effected at £192,500. No scale of remuneration had been fixed when the auctioneers were appointed, but after the sale there was a hearing before the Master to fix the remuneration, which he did. The auctioneers received no notice of this hearing and were not formally represented, although one of their clerks was present. The auctioneers then applied to the Judge to fix the remuneration. Roxburgh, J., said that this was the wrong procedure. A summons should have been taken out to set aside the Master's order. However, he considered that the auctioneers ought to have been given the opportunity of stating their case before the Master and he was prepared to use his own discretion in the matter. He then fixed the fee at a considerably higher figure than the Master had allowed and said that he took into consideration the scale of fees fixed in bankruptcy, for that scale does deal with sales for an unlimited amount.

Miscellaneous—Liability of Husband under National Assistance Act, 1948.

In **National Assistance Board v. Wilkinson** (1952, 2 A.E.R. 255), the Board had given assistance to a deserting wife and sought to recover the money from her husband. Neither by the common law nor by the poor law was a husband ever liable to maintain an adulterous wife or a deserting wife. But it was argued that the whole law on the subject had been entirely altered by Section 42 (1) of the National Assistance Act, 1948, which lays down that " for the purposes of this Act (*a*) a man shall be liable to maintain his wife and his children and (*b*) a woman shall be liable to maintain her husband and her children, " and that an absolute obligation was laid upon the husband, for the purposes of the Act, to maintain his wife. The Divisional Court held that Parliament did not intend any such alteration in the law: Section 42 (1) was inserted for the purpose of limiting the class of persons who were liable to maintain a family and did not impose an absolute obligation upon those persons. The Board were not, therefore, entitled to recover the money from the husband.

THE SOCIETY OF
Incorporated Accountants

DISTRICT SOCIETIES

BRADFORD

ANNUAL REPORT

THERE WAS AN AGGREGATE INCREASE OF members during the year. There are now 104 Fellows and Associates in practise, 172 not in practice, and 250 students.

An enjoyable dinner-dance was held in October 1951. It is hoped to make this an annual event.

An informal meeting with Inspectors of Taxes was held in February, 1952.

The golf competition took place on June 5, 1951. Students have challenged the senior members to a cricket match.

Congratulations are extended to the students who were successful in the Society's examinations. Fourteen passed the Intermediate and ten the Final. A further fifteen passed Part I and four Part II.

The Student's section reports that a series of 14 lectures were given on practical and examination subjects. Invitations are exchanged with the Chartered Accountant students.

The students' annual carnival dance was again highly successful. Two coach outings were arranged.

LONDON STUDENTS' SOCIETY

Members who wish to play rugby for the London Students' Society this winter are asked to notify the Secretary of the Students' Society at Incorporated Accountants' Hall.

MANCHESTER

THE FIFTH STUDENTS' WEEKEND REFRESHER course of the Manchester and District Society was held at Hulme Hall, Manchester, from September 12 to 15. Papers were presented by well known lecturers on all aspects of accountancy examinations, and the course proved to be most successful.

An informal concert was held on the Saturday evening at which lecturers and students together provided the entertainment. On Sunday morning a short service was conducted by the Rev. J. Flitcroft in the chapel of the Hall. Prior to the final meeting on Sunday evening, questions—some of a humorous nature—were submitted by the students to a Brains Trust. The team consisted of four lecturers and the question master was Mr. Arthur T. Eaves, President of the District Society. The final meeting included a short address on "Before, During and After the Examinations," by Mr. C. Yates Lloyd.

The guests included Mr. Bertram Nelson, Vice-President of the Society of Incorporated Accountants, Mr. J. D. Nightingirl, Assistant Secretary of the Society, and the Rev. J. Flitcroft, Warden of Hulme Hall.

NORTHERN IRELAND

THE ANNUAL GOLF COMPETITION WAS HELD at Helen's Bay Golf Links on September 8.

A nine-hole stroke competition for the Allen Cup was played in the morning. This was won by Mr. H. V. Kirk, runner-up being Mr. W. J. M. Stewart. After lunch an eighteen-hole stroke competition for the Booth Cup was won by Mr. H. Andison, runner-up being Mr. J. S. M. Winnington.

The cups and prizes were presented by Mr. H. F. Bell, F.S.A.A., President of the District Society.

SOUTH WALES & MONMOUTHSHIRE

THE ANNUAL MEETING WAS HELD AT CARDIFF on July 29. Mr. W. J. Fooks, the President, in submitting the annual report and accounts, said that 30 lectures had been held by the District Society and the two Students' Sections, and the attendance showed keen interest on the part of students. The examination results were very satisfactory, and he congratulated Mr. B. T. Williams on his second place certificate at the November Preliminary Examination.

The following officers were elected: President, Mr. A. Salter; Vice-President, Mr. F. M. Forster; Hon. Secretary, Mr. Tudor Davies.

EVENTS OF THE MONTH

October 1.—*Bristol:* "Standard Costing," by Mr. W. W. Bigg, F.C.A., F.S.A.A. Students' meeting. Royal Hotel, at 6.30. p.m

October 2.—*Cardiff:* "The Valuation and Verification of Assets," by Mr. Walter W. Bigg, F.C.A., F.S.A.A. Students' meeting. At 6.45 p.m.

October 3.—*Birmingham:* "Modern Presentation of Published Accounts," by Mr. R. Glynne Williams, F.C.A. Law Library, Temple Street, at 6.15 p.m.

Manchester: "Elements of English Law," by Mr. J. Stewart Oakes. Students' meeting. Incorporated Accountants' Hall, 90, Deansgate.

Sheffield: Dinner.

October 6.—*Luton:* "Consolidated Accounts," by Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A. Students' meeting. Town Hall, at 6 p.m.

October 8.—*Preston:* "Modern Economics," by Mr. R. W. Moon, B.LITT., A.C.A. Preston and County Catholic Club, Winckley Square, at 7.30 p.m.

Swansea: "Finance Act, 1952," by Mr. H. A. R. J. Wilson, F.S.A.A., F.C.A. Mackworth Hotel.

October 9.—*Wolverhampton:* "General Knowledge," by Mr. R. W. Moon, B.LITT., A.C.A. Molineux Hotel, North Street, at 6.15 p.m.

October 10.—*Birmingham:* "Liquidations—The Law and Practice," by Mr. G. G. Thomas, PH.D., F.S.A.A., A.C.A. Law Library, Temple Street, at 6.15 p.m.

Bristol: "Excess Profits Levy," by H. A. R. J. Wilson, F.C.A., F.S.A.A. Grand Hotel, at 5.30 p.m.

Hanley: Annual meeting of North Staffordshire District Society. Grand Hotel, at 7 p.m.

Hull: Visit to the City Treasurer's Mechanised Accounting Department, by courtesy of Mr. C. H. Pollard, O.B.E., F.S.A.A., F.I.M.T.A. Students' meeting, at 6.15 p.m.

Manchester: "Elements of English Law," by Mr. J. Stewart Oakes. Students' meeting. Incorporated Accountants' Hall, 90, Deansgate, at 6.30 p.m.

Waterford: Demonstration on Machine Accounting, by Powers-Samas (Sales) Ltd. City Hall, at 8 p.m.

October 13.—*Exeter:* "Taxation," by Mr. R. W. Moon, B.LITT, A.C.A. Farmers' Union Offices, Osborn & Hind, Clock Tower, at 6.30 p.m.

London: "Methods of Providing for Depreciation and Sinking Funds," by Mr. L. J. Northcott, F.C.A. Students' meeting. Incorporated Accountants' Hall, at 6 p.m.

Sheffield: "Finance for Industry," by Mr. J. Gibson Jarvie. City (Memorial) Hall, at 6.30 p.m.

October 14.—*Newton Abbot:* "Taxation," by Mr. R. W. Moon, B.LITT., A.C.A. Duchy Room, Courtenay Restaurant, at 7 p.m.

October 15.—*Cardiff:* "Contractual Capacity," by Mr. David E. Howells, Barrister-at-Law. Students' meeting. At 6.45 p.m.

Plymouth: "Taxation," by Mr. R. W. Moon, B.LITT, A.C.A. Law Chambers, Princess Square, at 6 p.m.

October 16.—*Sheffield:* "Excess Profits Levy," by Mr. James S. Heaton, F.S.A.A. Grand Hotel, at 6.30 p.m.

Truro: "Taxation," by Mr. R. W. Moon, B.LITT., A.C.A. Mansion House, at 6 p.m.

October 17.—*Belfast:* "An Introduction to Mechanical Accounting," by Mr. A. H. Poil.

Birmingham: "Appeals to the Commissioners," by Mr. Sidney I. Simon. Law Library, Temple Street, at 6.15 p.m.

Brighton: "Elementary Law," by Mr. R. D. Penfold, LL.B., Barrister-at-Law. Students' meeting. Royal Pavilion, at 7 p.m.

Manchester: "Elements of English Law," by Mr. J. Stewart Oakes. Students' meeting. Incorporated Accountants' Hall, 90, Deansgate, at 6.30 p.m.

Nottingham: "The Technique of Back Duty Investigations," by Mr. J. W. Walkden, A.C.A., A.S.A.A. Reform Club, at 6.30 p.m.

Southend-on-Sea: "Company Profits Available for Distribution, distinguishing between Capital and Income Profits," by Mr. R. Glynne Williams, F.C.A. Students' meeting. Chamber of Trade, at 8 p.m.

October 20.—*London:* "Receivership," by Mr. T. W. South, M.A., Barrister-at-Law. Students' meeting. Incorporated Accountants' Hall, at 6 p.m.

Shrewsbury: "Elements of English Law," by Mr. L. J. Potts, B.SC., Barrister-at-Law. Raven Hotel, at 6.30 p.m.

October 21.—*Dudley:* "Bank Accountancy," by Mr. A. J. W. Hall. Dudley and Staffordshire Technical College, Broadway, at 7 p.m.

Leeds: "The Finance of International Trade," by Mr. S. D. Johnson. Hotel Metropole, King Street, at 6.15 p.m.

October 23.—*Lincoln:* "Sterling in the Post-War World," by Mr. H. G. Hodder. Great Northern Hotel, at 6.30 p.m.

Swansea: "Company Law," by Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A. Students' meeting. Central Library.

October 24.—*Birmingham:* "Insolvency." Mock meeting of creditors, arranged by Mr. A. V. Hussey, F.S.A.A. Chamber of Commerce, New Street, at 6.30 p.m.

Bradford: Dinner dance.

Bristol: "Recent Developments in Auditing," by Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A. Students' meeting. Royal Hotel, at 6.30 p.m.

October 27.—*London:* Demonstration of a Tax Computation, by Mr. L. A. Hall, A.C.A., A.S.A.A. Students' meeting. Incorporated Accountants' Hall, at 6 p.m.

Luton: "Profits Tax and E.P.L. General Theory," by Mr. S. J. Simon, Barrister-at-Law. Students' meeting. Town Hall, at 6 p.m.

October 31.—*Birmingham:* Dinner.

Bristol: "Topical Points, November 1952 Examinations," by Mr. R. Glynne Williams, F.C.A. Students' meeting. Royal Hotel, at 6.30 p.m.

Hull: "Executorship Accounts," by Mr. G. G. Thomas, PH.D., F.S.A.A., A.C.A. Students' meeting. Church Institute, Albion Street, at 6.15 p.m.

Manchester: "Economics," by Mr. D. J. Coppock. Students' meeting. Incorporated Accountants' Hall, 90, Deansgate, at 6.30 p.m.

November 3.—*Bedford:* Mock creditors' meeting. Students' meeting. Harpur Central Schools, at 6 p.m.

London: "Excess Profits Levy," by Mr. James S. Heaton, F.S.A.A. Incorporated Accountants' Hall, at 6 p.m.

November 4.—*Leeds:* "Rights and Duties of Personal Representatives from Death to Distribution of the Estate," by Mr. K. P. Proctor, A.S.A.A. Hotel Metropole, King Street, at 6.15 p.m.

November 5. *Cardiff:* "Insurance in its General Aspects," by Mr. A. Edwards. Students' meeting. At 6.45 p.m.

November 7.—*Birmingham:* "Company Reporting," by Professor D. Cousins. Law Library, Temple Street, at 6.15 p.m.

Manchester: "Economics," by Mr. D. J. Coppock. Students' meeting. Incorporated Accountants' Hall, 90, Deansgate, at 6.30 p.m.

Nottingham: "Random Thoughts on Industrial Accounting," by Mr. F. D. Fowler, A.S.A.A. Reform Club, at 6.30 p.m.

MEMBERSHIP

THE FOLLOWING PROMOTIONS IN, AND ADDITIONS to, the membership of the Society have been completed during the period June 10, 1952, to September 11, 1952.

ASSOCIATES TO FELLOWS

BAIRD, John William (*James Baird & Co.*), Belfast. BARNES, Eric Joseph, Chichester. BIGGS, Cyril Eric (*R. W. G. Taper*), Paignton. BISHOP, Albert Ernest (*P. S. Ross & Sons*), Montreal. BOUSFIELD, Harry (*Charles L. Townend & Co.*), Halifax. COOPE, John Tonge (*F. W. Coope & Co.*), Blackpool. COOPER, Rustom Cavasjee, M.COM., PH.D. (ECON.), Bombay. CUTHBERT, John George Wilson (*Simpson, Wreford & Co.*), London. DATTA, Sachindra, M.A., B.COM. (*D. P. Chatterjee & Co.*), Calcutta. DAVIDSON, Robert James, & *Co.*), Calcutta. DAVIDSON, Robert James, Aberdeen. GIEBEL, Sydney Frederick (*F. J. Reed & Co.*), London. GINNINGS, David John (*Temple, Gothard & Co.*), London. GLICKMAN, Ivor Bernard (*Harold Everett, Wreford & Co.*), London. GWILLIM, Victor Bryan (*Gwillim & Co.*), Wolverhampton. HAMM, Norman William Edward, Borough Treasurer, Blackburn. HOPKINS, Frederick Robert (*Duck, Mansfield & Co.*), London. HOUNSFIELD, James Coupland (*Reginald L. Taylor, Hounsfield & Co.*), London. HUTT, Eric John Villette (*Lowe, Bingham & Thomsons*), Tokyo. KEATE, Handel (*Cooper Brothers & Co.*), Manchester. KEENS, Thomas Robert (*Keens, Shay, Keens & Co.*), Luton. KING, Arthur Clifford Henham (*Harold C. Wright, King & Co.*), London. METHOLD, Reginald Clifford (*Carpenter, Box & Co.*), Worthing. MORGAN, Donald Cecil (*Morgan, Back & Co.*), London. MYLECHREEST, Thomas Leonard (*Albert Hill & Co.*), Douglas, I.O.M. RICHARDS, George Meredith (*Reginald L. Tayler, Hounsfield & Co.*), London. SHAW, John Edward, Rossendale. SLATER, Philip (*Lithgow, Nelson & Co.*), Southport. TAYLOR, Norman Dennis (*Kirkman, Manning & Kay*), Sheffield. WINGFIELD, Walter (*Carnall, Slater & Co.*), Sheffield.

FELLOW

SMITH, Charles Alexander, LL.M. (*Christopher Smith & Sons*), Sheffield.

ASSOCIATES

ADAMS, Mervyn Hampton, with Dunstan Adams & May, Nairobi. ADAMS, Stanley William John, with Allen, Baldry, Holman & Best, London. ALCOCK, Derek Arnold, with Tunbridge, Lacey & Co., Lowestoft. ALLCOAT, Michael Victor, with Stephenson, Smart & Co., Wisbech. ALLOTT, William Alfred, with Armitage & Norton, Leeds. ARION, Benjamin, formerly with Hollings, Crowe, Storr & Co., Otley. BAIGENT, Geoffrey Wallace, with Harrison Smith & Haughton, Bath. BAKER, Thomas Arthur, with Ashworth, Mosley & Co., Manchester. BALL, Dermot Henry, with W. Campbell Watson & Co., Belfast. BARLOW, Harold, with Chalmers, Wade & Co., Liverpool. BARNES, Desmond Harold (*Harman & Gowan*), Norwich. BARRON, David Fred, with E. Freedman & Co., Leeds. BARRON, John Ernest, Port of London Authority, London. BELL, Alexander Walter Parsons, with Baker, Sutton & Co., London. BELL, Frank, with John Gordon, Harrison Taylor & Co., Harrogate. BELLHOUSE, Geoffrey Leader (*Barber, Bellhouse & Co.*), Nakuru, Kenya. BENN, Albert Arnold, with A. E. Ellison & Co., Bradford. BENNETT, Frank Constantine Denis, formerly with Price, Waterhouse, Peat & Co., Calcutta. BERESFORD, Arthur, Borough Treasurer's Department, Macclesfield. BIRNE, Stanley, with Landau, Morley & Scott, London. BLACKMUR, Raymond Frederick, with Alabaster, Stray & Clogg, London. BOLDEN, Frederick Albert, with Rawlinson & Hunter, London. BOOTH, John Alan, formerly with Bowman, Grimshaw & Co., Blackpool. BOOTHBY, Harold, with Taylor, Froude & C. R. Riddington, Leicester. BROOK, Philip, with Firth, Parish & Clarke, Bradford. BROOKS, Kenneth, with Blakemore, Elgar & Co., London. BRUNTON, Frederick Ernest, with Moore, Stephens & Co., London. BRYETT, Cyril, with H. W. Fisher & Co., London. BUCKLE, Stanley William, with Hereward, Scott, Davies & Co., London. BUCKWELL, Edwin Richard with Carpenter, Arnold & Turner, Brighton. BURGESS, Alfred Leslie, with Porritt, Rainey & Co., London. BURN, Douglas Wolley, B.A., with Deloitte, Plender, Griffiths & Co., London. CALVERLEY, William Harry, with Edward S. Booth, Leeds. CAMMIDGE, Peter Robert, with Rickard & Co., Southend-on-Sea. CARTER, George, with Wheawill & Sudworth, Leeds. CASTELL, Geoffrey Ernest, with Wykes & Co., Leicester. CHARLEY, Colin Gordon, with Hughes & Allen, London. CHIGNELL, Sidney Frank, with S. E. Cottam & Sons, Manchester. CHRISTIAN, Roy Leslie, with J. Nicholson & Co., Lincoln. CLIFFORD, Robert John, City Treasurer's Department, Worcester. CLISSOLD, Albert Joseph, with Shipley, Blackburn, Sutton & Co., London. COATES, Sydney Raymond, with Walter Moore & Co., Sheffield. COOKE, Thomas, with Hodgson, Harris & Co., Hull. COOPER, Peter Robert, with Deloitte, Plender, Griffiths & Co., London. COURTNEY, Brian Arthur, M.COM.SC. (*John Courtney & Co.*), Belfast. COX, Colin Alexander, with E. C. Price, Son & Reid, London. COXON, Rodney Harold Thomas, with Winkley & Clarke, Nottingham. CRAWFORD, William Keith, with Langton & MacConnal, Liverpool. CROWTHER, Ronald, with John Gordon, Harrison, Taylor & Co., Leeds. DAISH, Peter Raymond, with Kendall, Galloway & Smith, Winchester. DAVIES, John Graham, with Brinley Bowen, Mills & Co., Swansea. DAVIS, John Gordon, Borough Treasurer's Department, Great Yarmouth. DOUGLAS, Thomas Hudson, with Laverick, Walton & Co., Sunderland. DOWNES, William Dennis, with Dixon, Wilson, Tubbs & Gillett, London. DOWNEY, Maurice Edmund, with T. R. Chambers, Halley & Co., Waterford. DUNN, Cameron Haywood, with T. & H. P. Bee, Fleetwood. ELLERBY, Brian, with Forrester, Boyd & Co., Grimsby. ELLIOTT, James Philip, with W. S. Tomlinson, Newcastle under Lyme. ELLIOTT, Kenneth Stanley, with Thomas Rodger & Co., Newcastle upon Tyne. EVANS, Frederick Leonard, with Keens, Shay, Keens & Co., Bedford. FLETCHER, Geoffrey Croft, with Alfred G. Deacon & Co., Leicester. FRAY, Dennis Reuben, with Bernard J. C. Buckle, Southampton. FREEMAN, John Albert (*Horsfield & Smith*), Bury. FROWDE, Stanley Thomas, with Binder, Hamlyn & Co., London. FRYE, Eric, with H. N. Murray & Co., London. GARNETT, Samuel Raymond, with Tom Jackson, Batley. GENTLEMAN, Robert George, with Holmes, Price & Co., Eastbourne. GEORGE, Howard Granville, with J. Wallace Williams & Co., Cardiff. GHOSE, Tapan Kumar, M.SC., B.SC., formerly with S. K. Basu & Co., Calcutta. GIBSON, Robert, City Chamberlain's Department, Glasgow. GILL, Alan John, with Tunbridge, Lacey & Co., Lowestoft. GILLOTT, Clifford Whitworth, with Prior & Palmer, Nottingham. GOBEY, John Mayoss, with Deloitte, Plender, Griffiths & Co., London. GODDARD, Dennis Roy, with Geo. A. Marriott, Rogerson & Co., Manchester. GOLEND, Maurice, formerly with Eric Phillips & Co., London. GOODWIN, Ronald Blackshaw, with William Harling, Blackpool. GORDON, Alan Simon, with Wm. A. J. Ling & Co., London. GREEN, Harold, with J. Wortley & Sons, Sheffield. GREEN, Harold Ernest, with H. Davies & Co., Wolverhampton. GREEN, Raymond John, with Newby, Dove & Rhodes, Leicester. GREGORY, John Richard (*Stephenson, Smart & Co.*), Brigg. GROOME, Gerald Huntley Glindon, with Midgley, Snelling & Co., London. GROSS, Alexander, with P. J. Moss & Co., London. GUILFOYLE, Thomas, with Walter Hunter, Bartlett, Thomas & Co., Newport, Mon. HADLAND, Beryl Rosemary, with Beatton, Hewson & Co., London. HARDIMAN, Eric Vivian, with Spain Bros., Dalling & Co., Brighton. HARRIS, Francis Anthony, with Whinney, Smith & Whinney, London. HART, Anthony Harry (*David & Thomas*), Bexleyheath. HEENEY, George Francis, with Langton & MacConnal, Liverpool. HILL, David Ronald, with Jennings & Watkins, Neath. HOARE, John Edward, with Cooper Brothers & Co., London. HOBBS, John William, with F. Roberts & Co., Northampton. HOGG, Cyril, with Albert Bell & Allan, Newcastle upon Tyne. HOLLAND, John Joseph, with James Sutcliffe, Fleetwood. HOLMES, George Herbert, with Smithson, Blackburn & Co., Leeds. HOPKINS, George William, Borough Treasurer's Department, Hendon. HUSSEY, Bernard, with Bowker, Stevens & Co., Birmingham. HUTCHINGS, Doris Hilda, with Fitzpatrick, Graham & Co., London. HUTCHINSON, Arnold, with Auker, Horsfield & Longbottom, Bradford. HUTCHINSON, Maurice Harry, with Robt. A. Page & Co., Nottingham. INGRAM, Arnold, formerly with Hollings, Crowe, Storr & Co., Leeds. JACKSON, Ronald Frederick, with Hodgson, Harris & Co., Hull. JACKSON, Robert Joseph Keith, with J. E. Denney, Bogle & Co., London. JENKINS, Reginald Hugh (*Wright, Fairbrother & Steel*), London. JENKINS, Thomas Douglas (*David & Thomas*), Bexleyheath. JENNINGS, John David (*L. Ruskin Pope & Co.*), London. JOHNSON, Kenneth Walford, Chamberlain's Office, City of London. JOHNSTON, Thomas Frederick Barrow (*Harold F. Bell & Co.*), Coleraine. JONES, Geoffrey John Charles, with Clarkson & Rumble, London. JONES, Keith Percival, with W. A. Browne & Co., London. JOY, Cyril Marcus, with Holmes-White, Herbert & Co., London. KAPADIA, Pesi Jamshedji, B.COM., formerly with S. B. Billimoria & Co., Bombay. KARUNALINGAM, Arulampalam, B.SC., with Moustardiers, London. KEETCH, Wilfred, with G. Russell & Co., London. KENT, Brian Stanley, with Harper, Kent & Wheeler, Shrewsbury. KEYSE, John Ernest Samuel, with Eric Phillips & Co., London. KING, Gerald James, with Peplow & Co., Newton Abbot. KING, Norman Alfred, formerly with Pruddah, Eilbeck & Co., Liverpool. KIRBY, William Edward George, with Norman F. Kirby & Co., Colchester. LEVIEUX, John Frank, with Wackrill & Anderson, Johannesburg. LEWIS, Eric David, with Henderson, Griffiths & Co., Cardiff. LOVEJOY, Ronald Charles, with John Naylor & Son, Blackburn. LUNGLEY, Denis Arthur, with J. Nicholson & Co., Lincoln. LYALL, Victor, with C. H. J. Lewis, London. MCKEE, Harold Leslie, with J. A. Kinnear & Co., Dublin. MCNICHOL, George Alexander, with J. W. Armstrong & Sons, Newcastle upon Tyne. MADDOCK, Frederick Ralph, with Pawley & Malyon, London. MASTERS, Leonard Edward Victor, with Walpole, Harding, Vidgeon & Elliott, Worthing. MILES, James Alfred, with Alexander B. Neil & Co., London. MOORE, Harry Anthony Colin, with Stephenson, Smart & Co., Spalding. MOXHAM, Donald Sydney, with Wheatley, Pearce & Co., Poole. MURRAY, Alan John, City Treasurer's Department, Manchester. NANDI, Jitendra Nath, B.A., formerly with B. B. Chakravarti, Calcutta. NARIELVALA, Pestonji Mancherji, B.A., LL.B., formerly with S. R. Batliboi & Co., Calcutta. NAYLOR, Kenneth Thomas Hedley, with Thomas May & Co., Leicester. NIXON, Ernest Henry, with Moore, Stephens & Co., London. NURSE, Roger Denis, with William H. C. Wayte, Loughborough. O'BRIEN, Michael Joseph, with W. A. Deevy & Co., Waterford. O'CONNOR, John Anthony, Inland Revenue, Dundalk. OMAN, Kenneth Alfred, with Walter T. Mills & Co., Dartford. ORRY, Raymond Louis, with Hodgson, Harris & Co., Hull. PAGE, Anthony William, with Frank Hall, Leeds. PALMER, Peter Harwood (*Prior & Palmer*), Nottingham. PALMER, Ronald, with Carlisle, Ray & Co., Nottingham. PANGBURN, Jack, with Wm. Chadwick & Sons, Hyde. PARKINS, Cyril James, formerly with Moores, Carson & Watson, London.

PEARSALL, Hubert George, formerly with Clement Keys & Son, Birmingham. PEARSE, Robert Scholtz, with Pearse & Ryan, Johannesburg. PENFOLD, Bernard Wilfrid, formerly with Asbury, Riddell & Co., Shrewsbury. PENFOLD, Raymond Henry John, with McCann, Bentley & Co., London. PIPER, Harry Norman, with B. Grugeon & Co., Bromley. POWELL, Derek Llewellyn, with Ralph Burford & Son, Cardiff. PUGH, Alfred John, with Meeson, Makinson & Co., Richmond. PUGH, Ronald, with Smith, Dolby & Co., Keighley. PULSFORD, Harold George, with Edwin G. Pulsford, Poole. RAO, Gady Krishna, formerly with A. Seshagiri Rao, Bombay. RAPPITT, Roy James Benjamin, with Cash, Stone & Co., London. RAWSON, Kenneth, with Armitage & Norton, Leeds. REID, Randall Isaac, with Beattie & Graham, Belfast. RIGG, Ronald Leslie, with Howard Smith, Thompson & Co., Birmingham. RIORDAN, Patrick Joseph, formerly with Stapleton & Co., Cork. RODGERS, Geoffrey, with Alfred Harris & Trotter, London. ROGERS, George Edward, with Bright, Grahame, Murray & Co., London. ROSS, Bernard, with Spiro, Sargant & Co., London. RUMBELOW, Edwin Norman, B.COM., with Price Waterhouse & Co., Paris. RYAN, James, with Hodgson, Harris & Co., Hull. RYAN, John, formerly with Metcalfe, Lilburn & Enright, Limerick. SCOTT, Graham Killoh, with Douglas Low & Co., Cape Town. SEARLE, Stanley Richard, with Armitage & Norton, Bradford. SERGEANT, Ronald William, B.COM., with Price Waterhouse & Co., London. SHAW, Henry, with C. H. J. Lewis, London. SHAW, Henry Walter, with Geo. Little, Sebire & Co., London. SHAW, John Bernard, with Frank Dean, Bradford. SHIPP, Thomas Henry Neale, County Treasurer's Department, Worcester. SHIRES, James Allan, with A. France & Co., Leeds. SHORE, Norman Henry, with Albert J. Pope & Son, Bath. SIZMUR, John Arthur George, with Deloitte, Plender, Griffiths & Co., London. SKINNER, Richard, with Hodgson, Harris & Co., Hull. SMART, Alan George, with Myring & Bradbury, London. SMITH, Ernest Frederick, with Rivington, Garner & Co., Leicester. SMITH, Kenneth Godfrey, with Mellors, Basden & Mellors, Nottingham. SMITH, Richard Alan, with Whinney, Smith & Whinney, London. SMITH, Robert Eric, with E. O. Mosley & Co., Manchester. SMYTH, Kenneth Frederick George, with F. W. Stephens & Co., London. SPILLER, Michael MacNaughton, with Hill, Vellacott & Bailey, Belfast. STAGGS, Henry Frederick, with Nicholson, Fraser & Co., North Harrow. STANLEY, Eric George, with London, Heath & Co., London. STEAD, Dennis, with Macredie & Evans, Sheffield. STEPHENS, Dennis Raymond, B.A., with Turquand, Youngs & Co., London. STONE, John Duncan, with A. J. Northcott, Lyddon & Co., Plymouth. STOTT, Kenneth Entwistle, with Harper, Kent & Wheeler, Shrewsbury. STUBBS, Frank, with Hodgson, Harris & Co., Hull. SUCH, Herbert William, with Kirkman, Manning & Kay, Sheffield. SUGDEN, Deryck Spencer, with Maurice Bailey & Co., Bradford. SUTTERBY, Kenneth Aubrey, formerly with Peat, Marwick, Mitchell & Co., London. SWAINE, Gordon Trevor, with G. A. Taylor, Wakefield. SWANNELL, Gordon, with Phillips & Halliday, Wellingborough. SYMONS, Kenneth Albert, with Goodland, Bull & Co., Tiverton. TAYLOR, Alan, with Armitage & Norton, Bradford. TOVELL, Laurence, Ministry of Housing & Local Government, Cardiff. TRENFIELD, Dennis Walter Stuart, with Kingscott, Dix & Co., Gloucester. TURNER, William Herbert, with H. Bullard, Northampton. TUSTIN, James Frederick William Thomas, with Newton & Co., Birmingham. TYLER, Percy Gilbert, Deputy Borough Treasurer, Wednesbury. WAITE, Dennis William (*Charles L. Townend & Co.*), Halifax. WALDRON, Raymond Ansell, with Woolley & Waldron, Southampton. WALSH, Francis Anthony, with E. G. Bresnan & Co., Liverpool. WEINBERG, Basil Richard, with K. Sandler, Cape Town. WHITE, David Allan, formerly with Slater, Dominy & Swann, London. WILDGUST, Alan John, with J. A. Kinnear & Co., Dublin. WOOD, Frank, with Smith & Garton, Leeds. WOOD, Reginald Leonard, with Peat, Marwick, Mitchell & Co., Leeds. WRIGHT, Stanley (*Henry Taylor & Co.*), Blackpool. WRIGLEY, Albert Alan, with Charles L. Townend & Co., Halifax.

PERSONAL NOTES

Mr. Tom Jackson, F.S.A.A., Batley, has taken into partnership Mr. S. R. Garnett, A.S.A.A., who has been with him for several years. The practice will be carried on under the style of Tom Jackson & Co., Incorporated Acountants.

Mr. Percy R. Hayes, Incorporated Accountant, has admitted into partnership Mr. Norman W. Hicks, A.C.A., formerly his managing clerk. The practice will be continued at Wrexham and Corwen under the style of Percy R. Hayes & Co.

Messrs. Monahan & Co., Swindon, have opened a branch office at Stafford House, 16, Market Place, Chippenham, under the direction of Mr. G. H. Kingsmill, Incorporated Accountant.

Messrs. Gladstone, Jenkins & Co. announce that Mr. L. A. Pollard, A.S.A.A., and Mr. J. D. Jones, A.C.A., have retired from the practice. The remaining partner, Mr. R. H. Jenkins, F.C.A., A.S.A.A., has been joined in partnership by Mr. James F. Cullingham, F.C.A., F.S.A.A., and they are continuing the practice under the same name at 9, Bedford Square, London, W.C.1, and 42, Bedford Avenue, W.C.1. Mr. R. H. Jenkins has also become a partner in Messrs. Wright, Fairbrother & Steel, Incorporated Accountants, at the same addresses.

Mr. J. Declan Murphy, Incorporated Accountant, has started public practice at 7, North Main Street, Wexford, Ireland.

Mr. Ronald F. W. Westaway, Incorporated Accountant, is now practising at 352, Harrow Road, London, W.9, and 9, Haycroft Mansions, Haycroft Gardens, N.W.10.

Messrs. Cooper Brothers & Co. and Messrs. Aspdell, Dunn & Co. announce that they have agreed to amalgamate their practices in the United Kingdom. The Leicester practice continues to be carried on from 4, Wycliffe Street, by the present partners, Mr. R. Dunn, F.C.A., and Mr. G. L. Aspdell, F.C.A., under the firm name of Cooper Brothers & Co.

The partnership of Messrs. Rivington, Garner & Co., Incorporated Accountants, Leicester, has been dissolved. Mr. R. Garner, A.S.A.A., is now practising alone at Crown Buildings, 4, Loseby Lane, Leicester. Mr. H. Rivington, F.S.A.A., has joined Mr. F. W. Knight, F.S.A.A., and Mr. G. W. H. Glover, F.S.A.A., hitherto practising as Henry Lawrence & Co., Incorporated Accountants. Their firm name is now Rivington, Lawrence & Co., and they have removed to 107, Princess Road, Leicester.

REMOVALS

Mr. Thomas W. Watts, Incorporated Accountant, has removed his office to 58, West Street, Brighton.

Mr. John S. Pollen, Incorporated Accountant, has removed his offices to 29, Queen Street, London, E.C.4.

OBITUARY

EDWARD BUCKLEY

Mr. Edward Buckley, A.S.A.A., F.C.A. (Ireland), who died on August 19, became a member of the Society of Incorporated Accountants in 1895. He was then with Messrs. Craig, Gardner & Co., in Belfast, having already been associated with them for several years, and in 1902 he was admitted to partnership. He retired from the firm a few years ago.

Mr. Buckley was a generous supporter of the Incorporated Accountants' District Society of Northern Ireland. He was present at the Society's Conference held in Dublin in 1951.

ARTHUR CLAUDE CHURCHILL

The Incorporated Accountants' District Society of Newcastle upon Tyne has lost a well known and respected member by the death on August 22 of Mr. A. C. Churchill, F.S.A.A., a partner in Messrs. Bolton, Wawn & Co., Incorporated Accountants. He became a member of the Society in 1921, and immediately afterwards was taken into partnership by the firm. For some years from 1935 he was on the District Society Committee.

FRANCIS ALFRED MARTIN

The death occurred on August 31 of Mr. F. A. Martin, F.S.A.A., a partner in Messrs. Fred A. Fitton, Wilson, Smith & Martin, Incorporated Accountants, Manchester and Sheffield, and director and secretary of Gladwin, Ltd., silversmiths, of Sheffield. He was 62 years of age. Mr. Martin became a member of the Society of Incorporated Accountants in 1921, and the following year was taken into partnership by his former employers, the firm then being known as Richards, Spedding & Wilson.

The funeral service took place at All Saints' Church, Ecclesall, on September 4. It was attended by Mr. C. H. Kershaw, Assistant Secretary of the Incorporated Accountants' District Society of Sheffield, and by representatives of Messrs. Fred A. Fitton, Wilson, Smith & Martin, the Milton and Welcome Lodges of Freemasons, Gladwin, Ltd., and other organisations.

JOHN SALMON THOMAS

We record with regret that Mr. J. S. Thomas, F.S.A.A., died on August 18, at the age of 54. For more than 30 years he had been associated with Messrs. Haswell Brothers, Incorporated Accountants, of Chester and Wrexham—since 1937 as a partner. He became a member of the Society of Incorporated Accountants in 1925.

Mr. Thomas was a member of the North-Western District Valuation Board set up in connection with the nationalisation of coal mines. He had many business interests in Cheshire and North Wales, and was also a prominent Freemason. He had a charm of manner, and his loss will be keenly felt by a wide circle of friends.